



EUROPEAN NEWS

Swedish petrol up in bid to cut fuel consumption

BY VICTOR KAYFETZ IN STOCKHOLM

SWEDEN'S Government yesterday gave oil companies permission to raise petrol prices by 5 per cent, and imposed a 56-mile-an-hour speed limit for June 21 to September 1. Sweedeo peak traffic period.

The measures are aimed at avoiding rationing of oil products next winter, and also include permission for the price of heavy heating oils to be raised by unspecified amounts. The price rises can take effect from tomorrow.

Ministers said they hoped Swedish motorists would cut their petrol consumption by 10 per cent this summer. Households are being asked to use 20 per cent less hot water than usual during the same period.

In coming weeks Mr. Carl Tbam, the Energy Minister, will meet representatives of business, public authorities and private special-interest organisations to agree on voluntary energy-saving measures. The Government yesterday ordered the armed forces and civil

OECD hits at level of Swiss surplus

By Terry Dodsworth in Paris

THE MAINTENANCE by Switzerland of a large current external surplus of about \$150 billion since 1974 is roundly criticised in the annual OECD review of the country's economy.

The survey, published yesterday, says that the surplus "is an obstacle to better payments equilibrium within the OECD area," and goes on to suggest that the Swiss should encourage capital exports and, particularly, should raise the level of its aid to the developing world.

While stressing that some aspects of the Swiss economy are above reproach, the report concludes that not enough has been done to meet the country's international obligations.

In particular, Switzerland has not raised the level of domestic demand, as was stipulated in the OECD ministerial communique of June 1978. This undermined the special responsibility which rested with those countries having strong balance of payments positions.

On the question of overseas aid, the review regrets that the level of official aid has hardly risen in recent years. Overseas spending is "still extremely modest," although the country's per capita income is one of the highest in the world.

The Swiss are complimented, though, for achieving a "remarkable" economic performance in 1978 when prices remained virtually stable and unemployment was kept below 0.6 per cent of the labour force. These results are described as "the best" of any OECD country.

These positive results were balanced by only modest growth of 1.2 per cent.

The forecast for this year is for similar trends, although consumer prices are likely to rise by about 2.5 per cent (against 1.5 per cent last year) because of oil and raw material price rises and the growth of monetary liquidity last year.

The risk of higher inflation is ruled out because of weak domestic demand, which will probably grow at a rate of less than 2 per cent.

EANES STARTS TALKS WITH PORTUGUESE PARTIES

Pinto to carry on as caretaker PM

BY JIMMY BURNS IN LISBON

THE PORTUGUESE President, General Antonio Ramalho Eanes, yesterday accepted the resignation of the country's non-party Government but delayed deciding whether to dissolve Parliament.

The Government quit late on Wednesday night following the tabling of two separate censure motions and last minute changes to its 1979 budget.

A statement from the presidential palace yesterday said President Eanes would begin consultations with the political parties immediately and that the administration of Dr. Carlos Mota Pinto would remain in a caretaker capacity in the meantime.

It made no mention of an early dissolution of Parliament and the calling of an election within 90 days, although this was implicit in the warning that "other solutions" would have to be found if no consensus was reached within the next few days.

President Eanes made his decision after consulting the 19-member military Council of the Revolution, the nation's constitutional watchdog which he heads as commander-in-chief of the Portuguese armed forces. His leisurely approach to the latest Government crisis underlines what has become his constant theme in recent weeks: that an early election at the end



President Eanes (right) has accepted the resignation of the Prime Minister Carlos Mota Pinto (left).

of the summer would be costly for Portugal, both in political and economic terms.

Under the Portuguese constitution, the next general election is not due until 1980. Municipal elections are set for this November. Portugal would thus face three major elections in just over a year, and would almost certainly have to sacrifice her present negotiations with the International Monetary Fund.

Following the presidential announcement Dr. Mota Pinto

ambiguous in recent months to ensure lasting support from Parliament.

On the other hand, the political parties so far have failed to come up with a viable alternative. The main parties, mainly the Socialists and the Social Democrats, seem as far from an alliance as they were last December when Dr. Mota Pinto first took over.

There is still some room to manoeuvre, though. Dr. Mario Soares, the Socialist Party leader and former Prime Minister, said yesterday that he favoured the formation of a new government rather than an early election. He had not ruled out the possibility of an agreement with the Social Democrat Party (PSD).

However, the latter in recent weeks has demanded the dissolution of Parliament and moved closer to an eventual electoral alliance with the conservative Christian Democrat Party (CDS).

Both the PSD and CDS argue that the breakdown in government is working against democracy and that the present Socialist-Communist majority in Parliament no longer represents the wishes of the electorate as a whole.

The non-party administration led by Dr. Mota Pinto was Portugal's tenth government since the revolution five years ago.

Demand for W. German industrial goods rises

By Roger Boyes in Bonn

AN INFLUX of foreign orders helped to push up demand for West German industrial goods by a seasonally adjusted 4.5 per cent during April, according to preliminary figures released yesterday by the Economic Ministry.

Production figures also revealed a significant upturn, with output rising by 4.5 per cent in April.

The ministry also announced that the order figures for March had been revised upwards, because of the inclusion of new statistical data.

New orders in March, according to the latest calculation, fell by 0.5 per cent, instead of the previously posted 2.5 per cent.

The latest sharp increase in orders was largely caused by a 21.5 per cent rise, compared with March, in foreign orders.

This was compounded, however, by an 8 per cent increase in demand for capital goods, from both the domestic market and overseas.

While the Economic Ministry cautiously welcomed the figures, it was stressed that the statistics were preliminary and liable to revision.

Nonetheless, two months' comparison, covering March-April and January-February, shows there is a definite upward trend, with orders to manufacturing industry up by an average of 4 per cent.

Of this, 3.5 per cent of the increase was accounted for by overseas orders, and 2.5 per cent from domestic markets.

On a year-to-year basis, the preliminary production figures were also encouraging. Manufacturing industry output in March-April rose by 7 per cent compared with the same period last year, and construction industry output rose by 4 per cent compared with the same period.

According to the Economic Ministry, the construction output has risen by over 20 per cent in March-April, compared with January-February. The Ministry said this was a clear sign that the building industry had started to recover from the hard winter, although output was still below the peak of autumn 1978.

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Nationwide protest called over Dutch income curbs

BY CHARLES BATCHELOR IN AMSTERDAM

THE LARGEST Dutch trade union federation, the FNV, has called a nationwide protest on June 19 against government plans to curb the growth of incomes and social security payments.

The protest has been set for the day before Parliament debates a package of measures intended to reinforce the Government's "Bluprin 81" proposals which are meant to top up 10bn (£2.3bn) of public spending during 1979/81.

Workers will be asked to attend a protest meeting in Utrecht while those unable to make the journey will be urged to stop work to discuss the Government's proposals, or to organise their own demonstrations.

The largest of the public service unions affiliated to the FNV has announced it support

Ecevit loses another Minister

BY METIN MUNIR IN ANKARA

THE POSITION of Mr. Bulent Ecevit as Prime Minister of Turkey was weakened further yesterday with the resignation of a member of his Cabinet.

The departure of Mr. Hilmi Isguzar, Minister of Social Security, is the second resignation from the Cabinet in a month. In addition there have been four resignations from Mr. Ecevit's Republican People's Party in the same period.

The Prime Minister's 17-month-old Administration rested on the social democratic RPP, Turkey's biggest party, on 11 members who quit Mr. Sulayman Demirel's (right-wing) Justice Party and on a handful of independent right-wing members. Ten of the 11 former JP members, including Mr. Isguzar, were given Cabinet posts.

Pope prays at Auschwitz and Birkenau

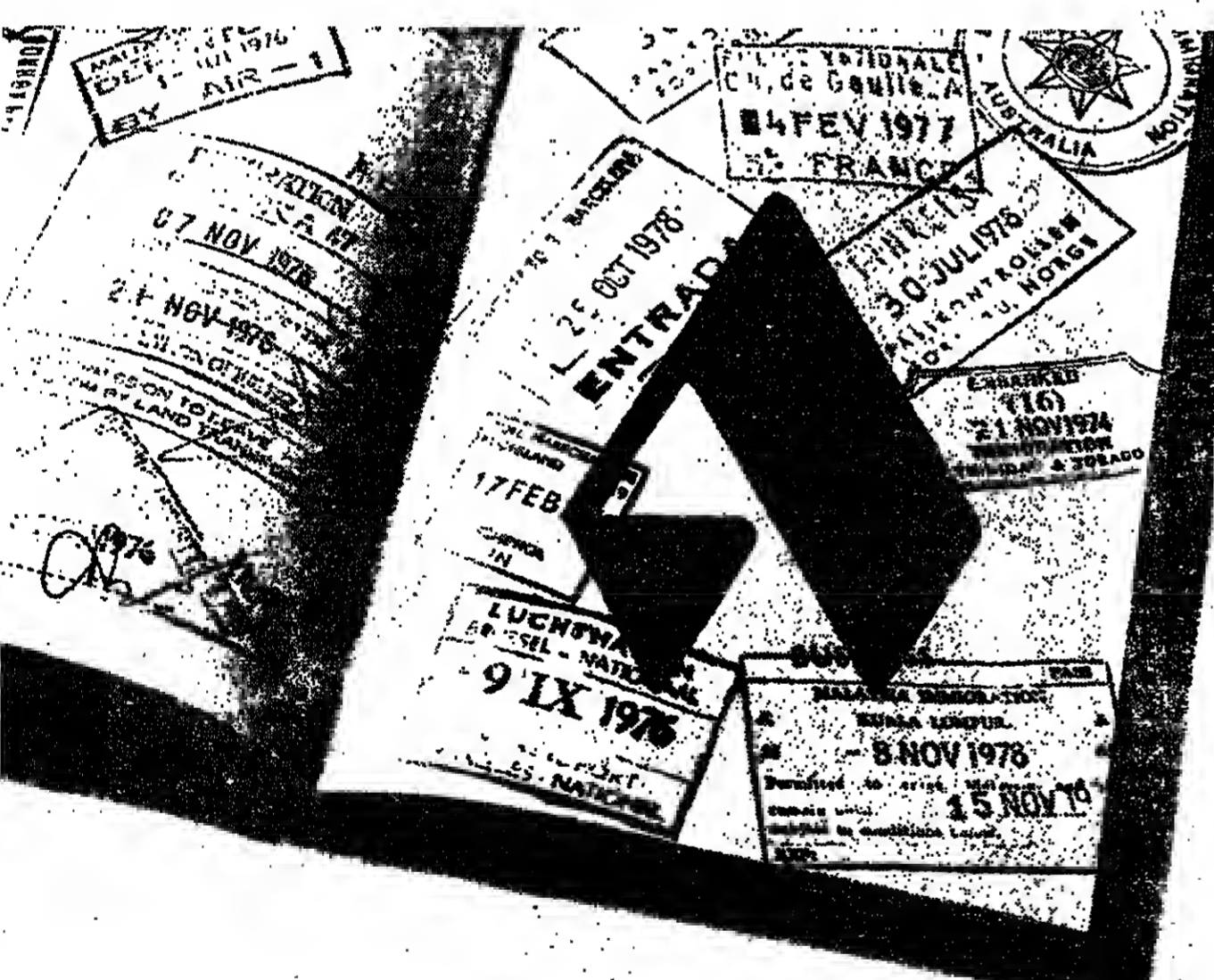
BY JIMMY BURNS IN LISBON

AUSCHWITZ — Pope John Paul II yesterday prayed at the sites of the twin Nazi concentration camps at Auschwitz and Birkenau.

First he visited Auschwitz, where barbed wire, wooden watch towers and gloomy huts remain.

The Pope described it as "a place built on hatred and on contempt for man in the name of a crazed ideology... this site of the terrible slaughter that brought death to 4m people of different nations."

The Pope prayed before the plaques which, in 20 languages, state: "Four million people suffered and died here at the hands of the Nazi murderers."



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Loans (Million Pesetas)	379,994.4	420,854.0	40,859.6	10.75
Investments Portfolio (Million Pesetas)	79,062.7	95,172.5	16,109.8	20.38
Net Profit (Million Pesetas)	5,520.8	5,802.4	281.6	5.10
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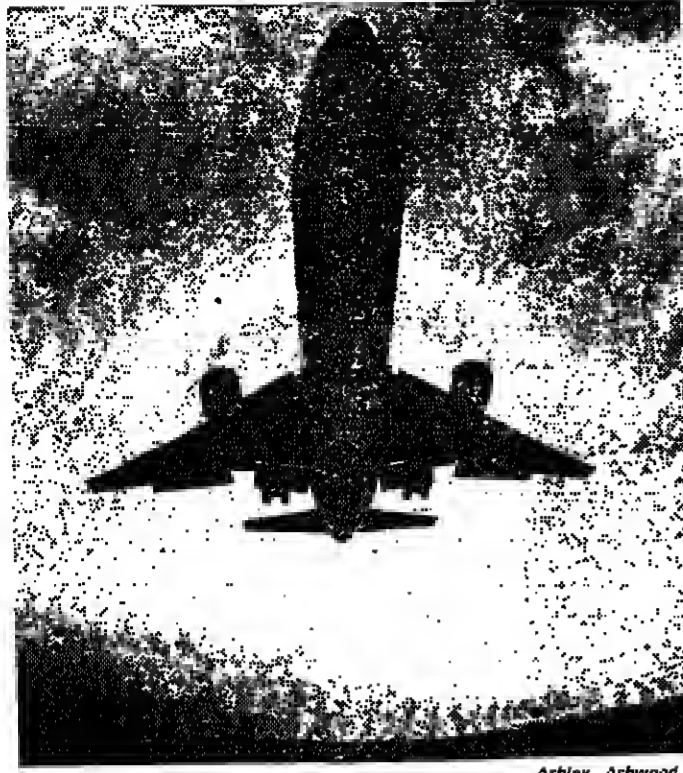
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THE DC10 CONTROVERSY

A body blow for McDonnell Douglas

BY STEWART FLEMING IN NEW YORK



Ashley Ashwood

IN THE days immediately following the crash of the McDonnell Douglas DC-10 in Chicago aerospace analysts with several leading stockbroking concerns in the U.S. concluded that the disaster would probably not have a severe impact in the long term on the giant aerospace company's civil aviation business.

The common view was that, once the cause of the disaster had been found and corrections made, the world's airlines would confidently continue purchasing DC-10s. Indeed, the Brazilian airline Varig announced new orders for five DC-10s days after the jet came down in Chicago killing all 372 passengers.

McDonnell Douglas it was argued, might find itself having to meet claims by relatives of dead passengers, the cost of repairs to other DC-10s if these proved necessary and losses by airlines whose DC-10s had to be taken out of service. But just what these costs might amount to would depend on the company's own insurance coverage and litigation.

But as the weeks have dragged on since the jet came down on May 25 there has been a growing feeling that the problems the disaster poses for McDonnell Douglas could be much more severe. This has been reflected in the company's share price which was \$28½ the day before the crash \$25½ the first trading day afterwards, but by June 6 had slumped to \$21.

The grounding decision by the Federal Aviation Adminis-

tration now raises a question mark over the basic design of the jet. So far there has been no sign of airlines cancelling DC-10s they have ordered. But the basic problem now facing McDonnell Douglas is to restore damaged credibility in the design of the aircraft. Until more is known about the technical problems which lay behind the Chicago disaster it is impossible to say what might be required to do this. McDonnell Douglas has pointed out that the cracks which have been found in the engine pylons have appeared only in DC-10 series 10 jets, and not in other versions of the aircraft. The company has angrily challenged the FAA grounding decision and Luftansa and Laker Airways have both strongly criticised the FAA's action as overreaction.

Nevertheless, there must now be doubts about whether, ultimately, fundamental changes may be needed in the design of key parts of the DC-10. For McDonnell Douglas as a company the disaster in Chicago is threatening to become a bodyblow to its future in the big commercial passenger jet since its long-term growth strategy hinges on the DC-10.

Earlier this year Boeing, McDonnell Douglas's main rival, announced that it was proposing to build a new generation of 300-seat advanced jets for which it has already hooked millions of dollars of orders. McDonnell Douglas, faced with the decision of competing directly with Boeing and spending billions of dollars to do so, decided that it would put its faith and its money on the DC-10, develop-



Mr. Sanford McDonnell, president of McDonnell-Douglas.

ing new versions of the aircraft to carry up to 500 passengers. The company argued it could tap the vast new market for commercial jets in the 1980s which is widely predicted to run into \$100bn.

It has yet to officially launch any of the stretched DC-10's. The problems now facing the DC-10 programme must also raise a question mark over its position as a rival to Boeing, Lockheed and Airbus Industrie. McDonnell Douglas's present course was set in 1967 when McDonnell Aircraft Corporation primarily a military contractor based in St. Louis, Missouri,

decided to acquire Douglas Aircraft the famous Californian-based civil aircraft producer which was struggling through a lean period. The rationale in part was that McDonnell wanted to diversify so that it would be less dependent on one major customer, the U.S. military establishment. In the wake of the merger McDonnell Douglas had to make the crucial decision of whether to compete with Lockheed and Boeing in the jumbo jet market and spend the hundreds of millions of dollars needed to develop a rival to the Boeing 747 and the Lockheed Tristar. Its decision was "yes" and the DC-10 programme was rushed ahead. Even though it got a late start behind Lockheed, McDonnell Douglas still succeeded in getting its first DC-10 off the production line a week ahead of the first Lockheed plane.

Although it has never made a profit yet on the DC-10, its strategy of building up its civil side appeared to be succeeding. By the end of last year half the company's \$6bn of firm order backlog was non-military. In the year ended 1978 commercial aircraft sales revenues totalled \$970m out of total sales revenues \$4.3bn. Military aircraft sales were \$2.3bn and space system and missile sales were \$729m.

In profit terms commercial aircraft recorded \$60m of losses. But the company has been hoping that by 1981-82 the civil side would be profitable, partly because it expects to reach the crucial target of 400 DC-10s sold and to have written off the heavy deferred costs of the DC-10 programme, \$374m of

which were still in its end-1978 balance sheet.

The contrast between the military and commercial sides of the business remains one of the most intriguing aspects of the company's policy. The McDonnell side of the organisation based in St. Louis has, for the past three years, been the leading military contractor in the U.S. Its reputation for technical excellence is unsurpassed having produced fighters like the Phantom which, after 20 years, is now coming to the end of its life after sales of over 5,000. The man who built the company James S. McDonnell is generally given much of the credit for its high reputation in the military field. Together with his two sons who are senior executives he controls 20 per cent of the shares, making the company something of a rarity because of the extent of family participation in a major U.S. corporation.

But observers still question whether, even 12 years after the merger the Douglas aircraft subsidiary which builds the civil jets has been fully integrated into the McDonnell Douglas corporation and whether this might in part account for some of the problems with the DC-10.

What is now clear is that unless the problems facing the DC-10 are quickly resolved to the satisfaction not only of the regulatory authorities but also to the satisfaction of the airlines and the passengers, the Chicago crash could force McDonnell Douglas into an agonising re-appraisal of the basic strategies it has been following.

Sir Freddie fights on two fronts

By Lynton McLain

SIR FREDDIE LAKER'S Skytrain terminals at Gatwick Airport were deserted yesterday. Sir Freddie himself was up in the corridors of air regulation power at the Civil Aviation Authority in London, fighting, characteristically, another battle for survival.

His meeting with the authorities was booked long before the DC-10 crisis.

Sir Freddie had applied in the Civil Aviation Authority to have all the restrictions removed from his Skytrain services. This would transform Skytrain into a normal scheduled airline operator, able to compete on equal terms with the giants of the North Atlantic, including British Airways.

The Laker Airways (International) company had a profit of £1.48m and a turnover of almost £76m in the year to the end of March last year, a 50 per cent rise in turnover over 1977. But the success has tailed off in the last year.

Many of the big airline competitors have learned the lesson of the Skytrain success. They have hit back with a range of cheap fares, different classes with different features, and Laker Airways has started to feel the pinch, and is determined to fight back.

But just as Sir Freddie was getting into his stride in defence of his application for change before the CAA, on Wednesday he was told of the decision by the U.S. Federal Aviation Authority to ground all U.S. registered DC-10s.

He immediately grounded voluntarily, his fleet of six The Laker DC-10s provide the backbone for Sir Freddie's approach to mass air transport. The aircraft serve the cheap, no-frills Skytrain operation, the advanced booking charter market and the inclusive tour market. The only other aircraft he has are two long range Boeing 707s and five British Aerospace 1-11s. His confidence in the DC-10 is underlined by his decision to buy a further five, this time, the series 30.

With the DC-10s grounded indefinitely, Laker Airways is losing £350,000 in revenue each day.

The airline was still working out yesterday whether it had any chance of claiming compensation. But it was thought unlikely that any would be forthcoming. The question is, how long can Laker go on with this drain on its revenue?

Damages will run into millions

BY DAVID LASCELLES IN NEW YORK

PERSONAL damages for victims of the DC-10 crash in Chicago are expected to run into hundreds of millions of dollars. But the precise sums awarded will depend to a large extent on whether the insurance hearings are held in Illinois, the state where the flight originated, or in California, its destination, and home of many of the passengers.

The decision on venue will be made in the next two months by the Judicial Panel on Multidistrict Litigation which sits in Washington DC.

Lawyers for the victims hope the panel will settle for Illinois which has one of the country's most generous wrongful death laws in the U.S.

Illinois allows damage awards for the pain and distress suffered between the moment passengers become aware of their impending death and the crash itself. In the Chicago crash, American Airlines was operating a DC-10 with a special video feature which projected the cockpit scene on to the cabin film screens. Lawyers are preparing to argue that passengers underwent extra suffering because they could see exactly what was happening on the flight deck.

Lawyers are already predicting that awards will exceed

those granted to Americans in the two previous crashes abroad. In those, non-Americans received between \$30,000 and just below \$1m, while some Americans received damages well over \$1m. This time, some awards could conceivably reach \$3-5m for senior businessmen who were killed.

Negotiations have already been initiated with the insurance companies. But though insurers have said they want quick and straightforward settlements, lawyers are preparing for a tussle, particularly over their biggest claims. The procedure could take two years.

Bankers estimate there are several billion dollars currently outstanding in loans and leasing agreements used to finance purchases of the McDonnell-Douglas Corporation DC-10s by airlines. Despite the O'Hare airport crash and the grounding of all domestic DC-10s for inspections, major lenders, including banks and insurance and finance companies, are insisting they have not moved to curtail their role in financing purchases.

But two New York banks have taken precautionary steps. One, for example, is examining its loan portfolio.

Another is checking to find out which U.S. airlines depend heavily on DC-10s.

The FAA: under fire from friend and foe

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

If the Nuclear Regulatory Commission ever thought that it was in hot water because of its handling of the Three Mile Island accident, it should take a comforting look at what has happened in the last two weeks to the Federal Aviation Administration.

Virtually nobody, it appears, is happy with the FAA's performance over the DC-10. Consumer groups think it is too close to the industry; it is supposed to regulate and care too little about passenger safety. The aerospace industry believes it has panicked and wielded the grounding axe prematurely. In the course of the last year alone the FAA has been under fire

from the airlines, the pilots, the air traffic controllers and Congress.

In a key sense, the root of the FAA's problems can be found in its mandate. It is a federal agency whose charter requires it simultaneously to regulate and foster civil aviation. It described its own multi-faceted functions in one of its recent annual reports as follows: "It issues and enforces orders, rules, regulations, standards and specifications; certifies airman, pilot schools, aviation, maintenance schools and repair stations; type-certificates aircraft, aircraft engines, propellers and aircraft components; issues operating certificates to airlines, air taxis, agricultural,

external load and airport operators."

It also "provides grant-in-aid for the development and improvement of airports; and conducts research, engineering and development programmes calculated to improve its safety, air traffic control and environmental procedures."

To do all this, the FAA operates on an annual budget of about \$2.5bn and a staff of some 54,000, of whom close to 26,000 are air traffic controllers. It has been in existence in its present form for just over 21 years and its chief is a political appointment.

To a degree, its character can be shaped by its head, known as the Administrator. Mr.

Langhorne Bond, two years in the post, has spent a lifetime in transportation, with a major emphasis on aviation. His self-defined mission has been to improve the overall safety of domestic civil aviation and he has not hesitated on occasion to cause offence in the process.

The DC-10 case is by far the toughest problem he has faced to date. He has defended the successive actions he has taken—ranging from four groundings of the aircraft over a 12-day span to even seeking to block a court order issued on Monday night taking the aircraft out of service—as being based on the best available information at hand at a given time.

Like many regulatory

agencies, the FAA is extremely dependent for hard information on the industry it covers. Aircraft inspection and maintenance, for example, is still principally performed by manufacturing and airline mechanics, certified by the FAA but by no means always acting under the FAA's direct supervision.

On Monday night in San Francisco American Airlines mechanics discovered the new critical crack in the engine wing mounting of two DC-10s. But often in the past the FAA has been accused of being too complaisant in allowing the manufacturer and the operator of a commercial aircraft to work things out themselves with minimal interference.



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OVERSEAS NEWS

Israel starts building new West Bank settlement

BY DAVID LENNON IN TEL AVIV

ISRAELI yesterday started building a new Jewish settlement on the occupied West Bank, immediately after seizing 200 acres of privately-owned Arab land.

Settlers and soldiers swarmed on to the site, minutes after the seizure orders were handed to the land-owners, apparently in an attempt to establish the settlement before the owners could obtain a court injunction against the take-over.

On Sunday, the Israeli Cabinet narrowly voted in favour of creating the settlement. Mr. Moshe Dayan, Foreign Minister, was one of those who opposed the decision.

He argued that land seizure was out of place at a time when talks were just getting underway with Egypt on the future of occupied territory.

The settlement—Elon Moreh—is being built on a hill-top one mile east of Nablus, the largest town on the West Bank. Many Israelis oppose the establishment of Jewish settlements in densely-populated occupied Arab areas, and the opposition Labour Party and the Peace Now Movement have denounced the new settlement.

Yasser's action was planned like a secret military operation. Bulldozers were lifted by helicopter on to the hill-top to level the site, while

other earth-moving machines began cutting a road up the hillside.

Tents were rapidly set up, and mobile homes were being brought in later in the day.

The operation was supervised on the site by Mr. Ariel Sharon, Minister in charge of settlements. A leading advocate of Jewish settlements in the occupied territory said that 1,000 people would inhabit the settlement in the first stage.

Meanwhile, the Israeli Foreign Ministry announced that direct telephone and telex lines have been set up linking Jerusalem with the Egyptian Foreign Ministry in Cairo.

Egyptian reshuffle expected soon

By Roger Matthews in Cairo

AN EGYPTIAN Government reshuffle is expected in the next few weeks after yesterday's voting for a new Parliament. Mr. Mustafa Khalil, the Prime Minister, is almost certain to be asked to continue in his job, but President Anwar Sadat also wants to bring three new faces into the Cabinet to demonstrate that the era of peace is being accompanied by a determined drive to raise the living standards of most Egyptians.

Sadat victory

The bulk of the election results, which are certain to show a massive victory for Mr. Sadat's National Democratic Party, should be announced by later today.

In constituencies where the leading candidate fails to achieve 50 per cent of the vote plus one, a run-off will be required next Thursday.

Over 1,600 candidates were contesting the 332 seats at stake with Independents forming by far the largest bloc. Although there has been only limited debate because of an official ban on a range of issues, some contests have developed into personality clashes that might offer some guidance to public attitudes.

Mr. Khalil yesterday concentrated on one of the officially banned topics—the peace treaty with Israel—when he held talks with Mr. Josef Burg, Israel's Interior Minister. The two men will be heading their countries' delegations in Alexandria next week when negotiations resume on the meaning of autonomy for Palestinians living on the occupied West Bank of the Jordan and in the Gaza Strip.

Procedural issues

Their talks centred on procedural matters and there was no immediate evidence that outspoken remarks by Mr. Menahem Begin, Israel's Prime Minister, to a party meeting on Wednesday, had embittered relations. Mr. Begin said that if a Palestinian administrative council, set up as a result of the negotiations, should ever attempt to declare an independent state, it would be crushed immediately and military rule would be re-established.

Supermarket deal

LENDE, the West German plant, engineering and construction group, has agreed to supply a prototype meat and dairy products supermarket to Moscow and is negotiating to build a string of the shops throughout the Soviet Union.

Linde has already built 73 fish supermarkets, known as Ocean, in the USSR

John Hoffmann reports on a restless, underprivileged class China's growing army of jobless

"THE CHINESE constitution guarantees everyone the right to work. Therefore, there can be no unemployment in this country."

That assertion, made by an earnest, well-educated, middle-level Chinese official, would give little comfort to the estimated 4m of his countrymen who have no jobs and no income.

The word "unemployment" has been removed from the official vocabulary, which does concede that a number of people are "awaiting assignment."

"We do not regard these people as being jobless," the official said. "They will be given work when places become available."

Meanwhile the growing army of those "awaiting assignment" has created a new restless and underprivileged class confused by the fear that China's modernisation programme is leaving them behind.

When things are bad in China the bureaucracy tends to describe them as "fairly good."

Any public acknowledgement of a problem suggests that the leadership is deeply disturbed—and that is probably true in the case of unemployment.

The official newspapers have carried several articles in recent weeks commenting on programmes to create jobs in several provinces.

In a surprising disclosure that unemployment has been a long-standing issue, the People's Daily said this week that 500 factory workers had been laid off in Nanjing, Jiangsu Province, in 1963 because of "simplified production processes."

Some of them, still without regular work, had organised a "labour service station" to provide men for odd jobs such as loading trucks and maintaining buildings.

In Fuzhou, Fujian Province, more than 3,000 "social idlers" were being kept occupied in mending pots and pans or carrying sacks of coal, the newspaper said.



Some of the lucky ones: Smiling workers at Anshan. But 4m of their compatriots are less fortunate.

The employment problem is probably at its worst in Shanghai, China's biggest city, where industrial expansion is not fast enough to provide jobs for a growing population of more than 10.7m.

There, the plight of the "1977 Graduates" is a pertinent illustration. Although municipal authorities will give no figures, it is believed that almost all the students who completed their secondary education in 1977 and 1978 are still "awaiting assignment."

Supported by their families, they spend much of their time in an aimless parade along the Shanghai waterfront or in frustrated examination of the shop windows that tempt them with displays of fashionable clothes and consumer goods.

They talk freely to foreigners, often with some anguish, about their situation, practising the languages they have learned at school and hoping to fill in an hour or two as unpaid tourist guides.

"You know about our '77 Graduates?" asked one, who had hoped his English studies would eventually win him a job as a translator. "None of the people in my class has worked since we left school in 1977."

Some unemployed school-leavers pin their hopes on an experimental "replacement scheme" under which they will take over the jobs of parents who retire from the workforce.

Shanghai authorities are trying to devise programmes to occupy the young unemployed. Semi-official street committees organise community service teams to sweep streets or do other labouring work.

Others are drafted into neighbourhood collectives producing handicrafts and simple commodities, for a wage of 20 yuan (\$12) a month. Some are hired by the day for a few cents to watch for pickpockets in crowds.

The problems of the cities are compounded by the illegal return of thousands of young people who were re-located during Mao's "Youth to the Countryside" programme.

About 100,000 of them are now swelling Shanghai's unemployed. Because of the intricacies of red tape, these people cannot be officially recognised. They are registered as country residents and have no status in the city. They do not qualify for food ration cards and could not be assimilated work even if jobs were available.

The Chinese leadership seems to have given up the compulsory resettlement of young people, but the rising unemployment problem may force a resumption of the practice.

Syrian-Soviet pressure on PLO

BY HSIAN HIJAZI IN BEIRUT

PRESSURE By Syria, the Lebanese Government and the Soviet Union is believed to have been influential in persuading the Palestine Liberation Organisation and its Lebanese Left-wing allies to tone down, but not remove completely, their military presence in parts of southern Lebanon.

PLO officials said the decisions adopted on Tuesday at a meeting under Mr. Yasser Arafat, head of the PLO, were being carried out. Under the measures, guerrilla organisations and Left-wing factions were closing down their offices in the port of Tyre, 10 miles north of the Israeli border, and were withdrawing their troops from Lebanese villages to new locations.

Reports from the field said the redeployment would take a few days to complete.

Syria was reported to have advised the PLO to avoid provoking Israel with an excuse to invade and occupy southern Lebanon in which case, Damascus is reported to have said Syrian troops would be sucked into a conflagration at a time and place not of their own choosing. Some 22,000 Syrian troops are serving in Lebanon as a peace-keeping force.

Two days ago, a Soviet news agency said that the Israeli army command was getting ready to launch "Litani operation number two" to invade and

capture the Lebanese South. The warning came on the heels of a visit to Syria, Lebanon and Iraq by Mr. Oleg Grunel'sky, the head of the Middle East department at the Soviet Foreign Ministry. The special envoy conferred with Mr. Arafat in Beirut.



It was reported by the daily newspaper, An Nahar, yesterday that Dr. Selim al-Hoss, the Lebanese Prime Minister, in strenuous efforts to persuade the guerrillas to co-operate, had held a secret meeting with Dr. George Habash, secretary general of the Popular Front for the Liberation of Palestine.

Mr. Arafat flew to Libya on Wednesday to meet Col. Muammar Gaddafi and to complain about Arafat failure to aid the Palestinians and Lebanese

against repeated Israeli attacks in southern Lebanon.

According to most observers here, the Palestinian moves in the south are only tactical, not strategic. "They are quantitative not qualitative," one observer said, explaining that all the guerrillas would do was to relocate, not dismantle their bases.

The PLO will continue to retain its bases north of the Litani river, which it regards as a substitute for "Fatahland," or the camps the guerrillas lost on the slopes of Mount Hermon as a result of the Israeli invasion of the south in March last year.

Observers pointed out that the PLO now feels it is being squeezed out of a settlement, and so the Lebanese bases are of major importance. Dr. Hahash recently said the bases were vital to the guerrilla movement at a time when it was engaged in a make-or-break struggle with Israel.

Japan to consider further energy cuts

BY RICHARD C. HANSON IN TOKYO

THE JAPANESE Cabinet will consider further steps to reduce energy consumption at a meeting due to be held on June 15.

But it is not yet ready to cut oil supplies to the industrial sector, which accounts for about 70 per cent of consumption. Mr. Takehiro Sagami, Vice-Minister of Finance for International Affairs, said yesterday.

The Government was concerned by a sharp jump in demand for oil in May of 8 per cent after small increases from January to April. Mr. Sagami added. There appeared to be some stockpiling going on.

The Government was maintaining its policy of expanding the domestic economy, and would try as far as possible to avoid disrupting industry. But if inflation picked up sharply,

it would have to change its monetary policies.

The Diet (Parliament) finally passed a Bill introduced last spring concerning rationalisation of energy use.

The Bill authorises the Minister of International Trade and Industry to draw up guidelines for energy use in industrial plants, construction, and for housing and office buildings, cars and electric appliances.

Reuter adds from Tokyo: Japan's international Trade and Industry Ministry believes a French proposal to apply a ceiling to import-prices of crude oil by advanced industrial nations is impractical.

The proposal, said to have been put in Mr. Masumichi Esaki, Japanese Minister of International Trade and Industry, in Paris, may be submitted to the Tokyo economic summit.

Mille grazie, Stirling.

“ The Alfa Romeo Alfetta 2000 is outwardly just another saloon. Yet even the name is a clue: the car inherits its title from the almost unbeatable, super-charged Grand Prix Alfa single-seaters which, though designed before the war, went on to win four World Championship series during the late Forties and early Fifties. The Alfetta 2000 possesses thoroughbred virtues too: the engine is the classic twin overhead-camshaft Alfa Romeo design, and the clutch and the gearbox are mounted at the back, next to the differential, to improve the car's weight distribution and handling.

Other details also give away the car's pedigree. The steering-column angle is adjustable, to give you the driving position you want. All the controls are easy to reach, and a full set of deeply-nacelled instruments faces you from behind the neat three-spoke steering-wheel: rev-counter, water temperature gauge, oil pressure gauge, fuel gauge, speedometer and clock. The pedals are well positioned for heel-and-toe gear changes, aided by a good-sized lever for selecting whichever of the five well-balanced ratios you want.

The twin-cam engine is very willing to provide the performance which the car's pedigree cries out for. Its noise level goes up with speed, but all the noises are healthy mechanical ones, and the overall level is still quite subdued. Road noise is very low, and the suspension is firm without being harsh. It handles beautifully and the car simply begs to be driven hard and quickly.

There are one or two snags: when I tested the car the brakes were good to begin with but they tended to fade rather quickly. And while the Alfetta is a neat and compact car, the turning circle is disappointingly large. In the wet, the wipers seemed to keep the passenger's side of the windscreen clearer than the driver's—perhaps a consequence of the original design being for left-hand drive. However, these points apart, the Alfetta is a super car, immensely enjoyable to drive, and well worthy of the honoured Alfa name. So long as makers with this kind of experience go on producing cars with this kind of character, then we'll still be able to enjoy sports-car driving, even when the traditional sports car itself finally fades into the past.”



Alfa Romeo

Stirling Moss  
Motoring Correspondent of  
Harper's & Queen Magazine.

Brazil spends \$5bn on 'gasohol' cars

BRASILIA—Brazil will invest \$5bn up to end of 1985 in its national "gasohol" programme, converting 1.675m cars to run on 100 per cent alcohol, the Government announced on Wednesday.

end of 1985 would be a 20 per cent alcohol mix for cars not equipped to burn the 100 per cent alcohol fuel.

Wholesale price index rises by only 0.4%

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON



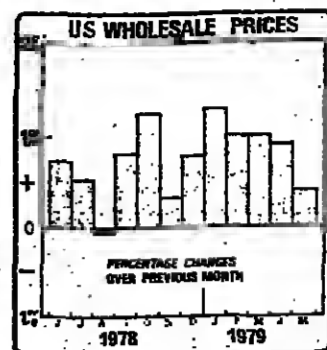
Mr. Brzezinski power struggle

Moving mountains at the Summit

By Alan Friedman

WHEN President Jimmy Carter travels to Vienna next week, he will be carrying a rather hefty briefcase.

THE AMERICAN consumer could gain some relief from double-figure inflation during the summer.



This was almost entirely because of a 1.3 per cent fall in the food component of the producer price index for finished goods.

Fed votes on state bank branches

By David Lascelles in New York

THE Federal Reserve Board is due to vote today on proposals to make it easier for certain types of U.S. financial institutions to set up branches across state lines.

Martial law as Somoza calls up reserves

MANAGUA — President Anastasio Somoza yesterday declared martial law and began calling up army reserves to fight Sandinista guerrillas who are in action against the National Guard in five cities and are holding Leon, Nicaragua's second-largest city.

Guard garrison back into its headquarters. A Red Cross official in Masaya, 35 miles south of Managua, said heavy fighting was continuing there and the rebels appeared to have control of all of the city except for two Government command posts.

Consumer credit up

BY OUR NEW YORK CORRESPONDENT

DESPITE the signs of an economic slowdown, U.S. consumers continued to borrow heavily in April.

will be around 17 per cent, slightly below last year's 19 per cent when the economy was still surging ahead.

Oil and gas finds in Venezuela

VENEZUELA'S \$175m offshore quest for light oil is beginning to show the first signs of possible commercial oil and gas deposits.

ERGO

From the statement by the Chairman Mr. H. F. Oppenheimer

After earning revenue of R22 459 000 from sales of gold and silver and R23 301 000 from sales of uranium oxide, sulphuric acid and sulphur (in pyrite), the company made an operating profit of R18 049 000 in its first full year of operation.

R10 545 000 of which R9 069 000 was spent on the initial major project. The balance of R1 476 000 was spent on post-project modifications to the plant.

As at March 31 1979 shareholders' funds totalled R120 490 000 compared with net expenditure on mining assets amounting to R140 972 000.

The balance of about R4 million to be spent this year covers a wide variety of additions and modifications of which the biggest single item is the construction of an improved feed control system, at a cost of some R800 000.

Operations After production of the first uranium on February 25 1978, sulphuric acid production from the 1 000 tons a day acid plant started on March 14 and the first bar of gold was produced on April 11.

Personnel The engineering and equipment problems experienced by Ergo were aggravated by a greater degree of operational shortcomings than expected.

The general manager's report deals with these problems at some length and I do not intend repeating the comments recorded. It is worth saying however, that the rapid expansion of mining in South Africa and the considerable innovation which has taken place have stretched the resources of experienced personnel needed to undertake sophisticated projects.

Prospects for the current year Production in March was the highest achieved during the past financial year, with the exception of uranium output which was temporarily affected by relatively low recovery in the solvent extraction plant.

Sulphuric acid market Although our company is known primarily as a producer of gold and uranium, sulphuric acid makes a significant contribution to the company's revenue.

Capital expenditure In my review last year, I stated that the cost of establishing the project was expected to be R145 million, and it is now clear that the final figure will be slightly below this.

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East Rand Gold and Uranium Company Limited



Transfers

The subject of the CAT talks is the limitation of transfers of conventional arms (everything from machine guns to fighter aircraft) by the so-called supplier countries.

The U.S. and Soviet Union have met in four rounds since December 1977. The first two rounds (in Washington and Helsinki) were spent in developing an agenda and in developing working groups for the growing delegations.

Paralysed

The Washington Post reported a serious bureaucratic power struggle during this last round, in which Mr. Brzezinski virtually paralysed his chief delegate, Mr. Gelb, who threatened to resign.

By contrast the MBFR talks are a much more entrenched and long-running enterprise than CAT. MBFR was originally intended as an answer to former Senator Mike Mansfield's personal complaints about bloated U.S. forces abroad.

The U.S. response to the Soviet initiative has been extremely non-committal. There are advocates of a high-level answer at the SALT II summit in Vienna.

Elson & Robbins

(PVC foam • Spring units • Products for domestic appliance industry Heating and ventilating products • Partitioning)

INTERIM REPORT

Table with 4 columns: Comparative results (unaudited), Six months to 31.3.78, Six months to 31.3.79, Year to 30.9.78. Rows include Turnover, Group profit before taxation, Less Taxation, Group net profit after taxation, Earnings per share, etc.

Statement by the chairman, Eric R. Keeling

- The Group position at the half year stage is both satisfactory and in line with our programme of development.
● If the nation had not been troubled with the lorry drivers strike this winter, our achievements would, I am sure, have been better.

New Issue April 1979

This advertisement appears as a matter of record only

Philips International Finance S.A.

FLUX 500,000,000 8% Luxembourg Franc Bonds of 1979/89

Unconditionally and irrevocably guaranteed by N.V. Philips' Gloeilampenfabrieken Eindhoven (Netherlands)

- Banque Internationale à Luxembourg
Banque Générale du Luxembourg
Banque de Paris et des Pays-Bas
Banque Commerciale

Handwritten signature

المجلة الاقتصادية

A computer could in moments count the 15,000 people who work for IBM in Britain, but never spare a second's thought for the personal aspirations of each one.

**No**

It could easily calculate the money they earned, but never consider for a moment the rewards of job satisfaction.

**computer**

It could print out all the words of this advertisement

**could**

in the time it takes to read a line, without so much as a glimmer of feeling for the sentiment behind it.

**have**

IBM make a lot of computers. So we're more aware than most of their limitations.

**written**

And more aware of the value of the individual.

**this**

So we have developed a management system around our most important resource.

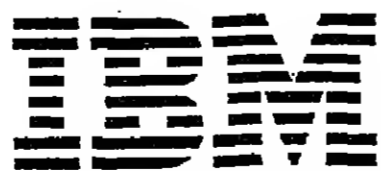
**ad.**

One that gives every person the freedom to air ideas and the encouragement to do so.

One that rewards a person according to his contribution.

During our 28 years in the UK, not one person has been laid off, not a day has been lost through strikes.

And no computer could share our pride in that.



IBM UNITED KINGDOM LIMITED, P.O. BOX 41, NORTH HARBOUR, PORTSMOUTH PO6 3AU.

WORLD TRADE NEWS

Netherlands identifies export priorities

By Charles Batchelor in Amsterdam  
 THE NETHERLANDS plans to designate a number of priority countries each year on which to concentrate its export support programmes—11 have been chosen for special attention in 1979-80.  
 Mr. L. M. Overmars, the Director of the Economics Ministry's Export Promotion Service, said in its first year of operation the programmes will aim to stimulate trade with Kuwait, Saudi Arabia, Indonesia, Japan, Malaysia, the Philippines, Canada, Mexico, Venezuela, the U.S. and the Ivory Coast.  
 They will be organised by the Export Promotion Service and by the Netherlands Centre for Trade Promotion, a private organisation supported by and working for Chambers of Commerce in the Netherlands and abroad.  
 This represents a further development of the export promotion services priority system under which about 40 non-EEC countries are considered worthy of special attention by Dutch exporters.  
 Studies will be made of markets in the designated countries to see if they present openings for Dutch exporters, while support and subsidies will be offered to encourage Dutch businessmen to penetrate these markets.

French to discuss sales of computers to Soviets

BY MAX WILKINSON

CII-HONEYWELL-BULL, the leading French computer company, is to hold talks with the Soviet Union in September which it hopes will lead to substantial contracts for knowhow and equipment.  
 Among the possibilities likely to be discussed are the building of Russian computers under licence from CII-HB, and the provision by the French company of a network of communicating machines for the Soviet Ministry of Trade.  
 It is generally believed in the West that the Russians are becoming worried by the rate at which their data processing capability is falling behind. Some estimates are that the indigenous Russian computer industry is between five and 10 years behind that in the West.  
 However, a recent comparison of Russian and U.S. integrated circuit products have shown that some advanced circuits from the two countries are remarkably similar.  
 A spokesman for CII-HB said that talks between France and the Soviet Union had so far been at a fairly general level. Both sides will now draw up detailed proposals for discussion in September.  
 The French electronics industry has recently been very

active in pursuing business in the Soviet Union. In March, Thomson CSF, the French telecommunications group won a \$100m contract for supplying telephone equipment and for helping to set up a factory to manufacture computer-controlled exchanges in the Soviet Union.  
 In the past licensing deals between Western companies and the Russians have often not been very profitable for the West. It is likely therefore that CII-HB will insist that any exchange of knowhow should be backed by some reasonable guarantees that orders for hardware will follow.

Arabs agree on aircraft purchasing

By Rami G. Khouri in Amman

FIVE OF the fastest-growing Arab air carriers have agreed to purchase the same aircraft model to replace their ageing fleets and meet the anticipated traffic growth of the next decade. This was revealed here during this week's second annual Middle East Civil Aviation Conference (MECACON) by Mr. Ali Ghandour, chairman and president of the Jordanian state-owned airline, Alia.  
 Mr. Ghandour said Alia, Middle East Airlines of Lebanon, Kuwait Airways, Saudia and Gulf Air had agreed to buy the same kind of wide-bodied jets. He added that they could decide on which aircraft to buy as soon as the first week of July, during a meeting of the five companies in Bahrain.  
 The first collective purchase of aircraft would amount to at least 25, Mr. Ghandour said. Under consideration are wide-bodied jets manufactured by Boeing, McDonnell-Douglas, Airbus Industrie and Lockheed.  
 The five airlines have also signed an agreement to increase Alia's non-stop Amman-New York route into a consortium under which non-stop flights to New York would also operate from the other Arab capitals.

Japanese offer to build steel complex for Mexico

BY LORNE BARLING IN ZURICH

AS PART of an effort to secure supplies of high quality oil from Mexico, Japan is offering to build a multi-million dollar industrial complex on the Mexican Pacific coast and a pipeline across the country from the eastern oilfields.  
 Details of discussions between the two countries emerged here at a conference being held by the Japan Institute for Social and Economic Affairs.  
 It was pointed out during the conference that Japan is pursuing a policy of diversifying its oil supplies away from Middle Eastern countries which now meet 60 per cent of total Japanese energy requirements.  
 Although negotiations with Mexico are at an early stage, President Lopez Portillo, who visited Tokyo recently, has given the go-ahead for a feasibility study on the industrial complex.  
 This would involve the expansion of a steel mill at Las Truchas, construction of a forging and casting mill, and steel plate manufacture. The Japanese companies involved in talks are Nippon Steel, Kobe Steel and Sumitomo Metal Industries.  
 Although the Mexicans have made it clear that they would finance the industrial project out of oil revenues, the more ambitious pipeline plan is seen

as an opportunity for Japanese banks to provide loans.  
 It is also apparent that should such a pipeline be built, heavy investment would be needed for a deepwater port to accommodate tankers on the Pacific coast.  
 The total cost of the various projects under discussion has yet to be established because of uncertainty about the capacity of plants and the size of the pipeline.  
 Japanese banks have already offered cheap credit, understood to be \$500m, to the Mexican national oil corporation, Pemex, although this is said to be unrelated to the industrial development.  
 The head of Pemex, Sr. Jorge Diaz Serrano, is expected to visit Tokyo later this month for further discussions which may bring the two sides close to an agreement.  
 However, Japanese negotiators are faced with strong competition for investment in Mexico as the oil-hungry nations, most notably the U.S., vie for a share of the output.  
 Although Mexico is likely to charge a high price for its oil, Japan is clearly prepared to pay the premium in one form or another—cheap loans or industrial aid on terms which competitors may find hard to match.  
 Japan accepts that the U.S. is likely to take a large share of Mexican oil, if only because of its proximity, but it hopes itself to import as much as 200,000 barrels a day from Mexico by the end of next year.

BL optimistic on U.S. luxury car market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAGUAR ROVER Triumph, the BL specialist car subsidiary, expects to regain lost ground in the U.S. next year, and sell about 45,000 cars worth around \$450m.  
 This would represent about a quarter of both output and turnover figures which illustrate the importance of this particular export market to JRT.  
 Last year unit sales in the U.S. fell from 68,371 in 1977 to 47,885 mainly as the result of

the loss in output of TR7 sports cars when production was switched from Speke to Coventry.  
 The TR7 is about to be relaunched in the U.S. and will offer a convertible version. JRT executives estimate this market could take up to 23,000 if the TR7 in its new form is as successful as first indications suggest.  
 This autumn JRT will also launch the TR8 which uses a version of the Rover V8 engine in the U.S. All TR7 convertibles will be sold in the U.S. and it is still possible that the TR8 also will not be offered in the UK but remain an export only car.  
 In January next year the Rover 3500 saloon will be introduced to the U.S. but this is expected to be a low-volume, high-priced car and so only sell a few thousand a year.

Dunlop takes tennis racket 'forgers' to court

BY ANTHONY ROWLEY IN HONG KONG

DUNLOP'S International Sports Company has taken action in the Hong Kong High Court against two companies believed to be implicated in the supply of forged tennis rackets to Western Europe.  
 In a statement issued today in Hong Kong, Dunlop said, the "chain of supply" for the forged tennis rackets had been shown to run from Taiwan via Hong Kong to customers in continental Europe, although none of the rackets had appeared in Britain.  
 The court order, which Dunlop obtained as part of its policy of protecting "valuable trade marks" had rarely been granted in Hong Kong before, the company's statement said.  
 The order "gave the right to Dunlop's representatives to enter the defendants' premises and inspect and take copies of all documents pertaining to the infringing transactions and to remove the fake rackets."  
 Dunlop's statement continued: "This was the end of a trail that started several months ago when it became clear that a larger number of Dunlop Maxply Fort tennis

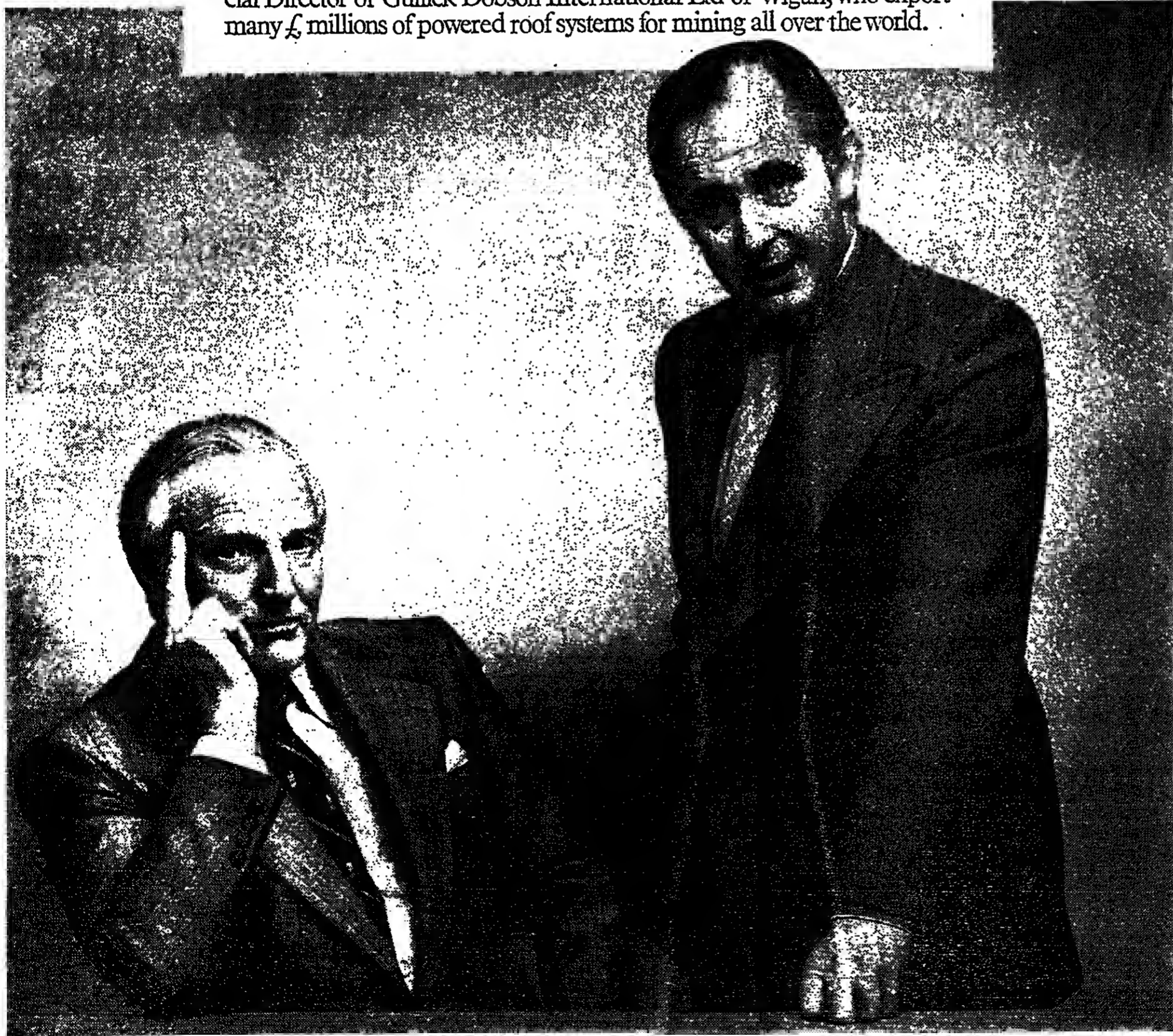
rackets were being sold in continental Europe than could be accounted for. Although the forged rackets were similar to the genuine ones, Dunlop became suspicious when it received a number of rackets showing faults and premature failure in play.  
 "Successful legal action taken in the German and Swiss courts against local dealers on the basis of trade mark infringements revealed that the suppliers were Hong Kong companies and that the rackets were probably of Taiwanese construction."  
 Dunlop obtained what is termed "Anton Piller order" in the high court here and searched premises of one of the defendants, Leprechann Fashions of Hong Kong. Documents were seized identifying the source of forged rackets as a "well-known Taiwanese manufacturer."  
 Final judgment has now been obtained against Leprechann Fashions and its director Mr. Liam Forde, Dunlop said.  
 Dunlop did not identify the second defendant company in its statement.

"We believe in ploughing back every penny we can afford into investment, and to do that, we need predictable profits. That's why we have an ECGD insurance policy for our exports.

"It would be quite wrong for us to get a good return one year, only to have a hole knocked in it the following year because of a large overseas loss. With the worldwide expansion of our business, there are many hazards and it would be foolish not to insure the credit risks.

"So, with ECGD covering 90 or 95% of the value of our exports—at low premiums—well it seems to us an eminently sensible way of doing business."

Mr T Pollard (seated) is Chairman and Mr D T Morris-Jones, Financial Director of Gullick Dobson International Ltd of Wigan, who export many £ millions of powered roof systems for mining all over the world.



Iran still importing from S. Africa despite ban

BY ANDREW WHITLEY IN TEHRAN

IRAN IS continuing to import significant quantities of South African goods, with the full knowledge of Mr. Bazargan's Government, despite its public declaration that all economic and political ties had been severed.  
 The bulk of the imports are badly needed industrial plastics in short supply around the world. To conceal the trade, Iranian dealers say documents are being falsified on a large scale, declaring the origin of the goods as Swaziland or the Mozambique port of Maputo.  
 In the two years to March 1978, after which the political unrest disturbed all trade, South African exports to Iran had recorded one of the fastest growth rates of any supplier. In 1977-78 they stood at \$191m. Two fifths of the total was composed of construction steel, another 10 per cent was vehicles; with the remainder made up of plate glass, industrial plastics and food grains.  
 Estimates of the current value of the trade are hard to make: the temporary ban on steel imports and the year's halt to luxury car imports auto-

matically cuts the 1977-78 figure by half. Nor is South Africa said to be in a position to sell grain this year because of its own wet summer. On the other hand, exports to Iran of PVC and polyethylene for packaging and coverings appear to have increased sharply, judging by the last three months.  
 Iran imports more industrial plastics than the rest of the Middle East put together. Apparently unable to secure their needs from reluctant European suppliers, Iranian dealers are turning to South Africa, with its advantages of proximity and competitive production costs. There the main manufacturer is AECI Ltd, an associate company of ICI.  
 The Iranian Government's policy seems to be a pragmatic one, based on obtaining necessary goods on the best possible terms from any source, so long as this is not considered to be against its interests. In South Africa's case it has been prepared to allow the trade to continue so long as no publicity was given to it.

Turkey presses foreign drug companies to invest

BY METIN MUNIR IN ANKARA

THE TURKISH Government has held a round of talks with foreign pharmaceutical companies operating in Turkey on the future of their operations.  
 The companies have been told that they can bring in new capital to expand and modernise their plants to enable them to export and manufacture locally some raw materials for use. Otherwise, they could start thinking about leaving.  
 This warning comes at a time when the Turkish Government is completing a streamlining of the regulations governing foreign investment—a move which is part of its declared programme to make the atmosphere for foreign investment less hostile.  
 The outcome of the talks with the pharmaceutical companies is thus being seen as a touchstone of the Government's intentions towards foreign capital as a whole.  
 It is also important for the Western countries and banks putting together an emergency credit package for Turkey.  
 The new stage of the long, difficult relationships between the companies and Turkey opened three months ago with the publication of a new decree on foreign pharmaceutical operations.  
 The decree put the companies under the obligation of manu-

facturing 25 per cent of the raw materials locally and exporting 15 per cent of their products.  
 There are seven foreign pharmaceutical companies in Turkey—Wayeth and Pfizer of the U.S., Roche, Ciba-Geigy and Sandoz of Switzerland and Hoechst and Bifa of Germany. This last company is a partner-share of four which includes Bayer.  
 The companies were completely taken by surprise by the decree and were displeased with it—their local raw materials production and exports were negligible.  
 Under the new decree the companies must submit expansion projects to the Government by the end of September. The choice which now appears to be open to them is either to expand or to leave.  
 In their talks with the state planning organisation they were informed that the Government was prepared to allow them to bring in capital to modernise their plants and enable them to divert into raw materials manufacture.  
 The companies found this offer positive. Traditionally Turkish governments have rejected proposals for modernisation and expansion, forcing most companies to work with machinery obsolete by Western standards.

ECGD insures from date of contract or despatch of goods. Cover is available for contracts in sterling or other approved currencies for: Continuous sales world wide of raw and processed materials, consumer goods and production-line engineering goods  
 Sales to and by overseas subsidiaries of UK firms  Sales through UK confirming houses and by UK merchants  Single large sales of capital equipment, ships and aircraft  Constructional works contracts  Services. ECGD also makes available: Guarantees to banks providing export finance, often at favourable rates of interest, including project loans and lines of credit to overseas borrowers  Guarantees for performance bonds  Guarantees for pre-shipment finance  Consortium contingency insurance  Cost escalation cover  Tender in contract cover  Cover for investments overseas  For full details call at your local ECGD Office.

To make an appointment or for information contact the Information Office, Export Credits Guarantee Department—quoting reference FTW—at Glasgow, Belfast, Leeds, Manchester, Birmingham, Cambridge, Bristol, London West End, Crofton or Tottenham offices; or Joan Swales, Information Section, ECGD, Aldermanbury House, London EC2P 2EL. (Tel: 01-505 6699, Extn. 258).

1919-1979

John Pollard



Renault claims to be top importer

FINANCIAL TIMES REPORTER
RENAULT of France is still the UK's leading car importer, according to figures published by the company yesterday for the first five months of the year.

New office developers recovering confidence

By Andrew Taylor
A SLOW but continuing recovery in new office development in London and the South East is indicated from the latest quarterly figures on permits issued by the Department of Environment.

Joseph turns down plea for Prestcold talks

BY HAZEL DUFFY AND RAY PERMAN
SIR KEITH JOSEPH, Industry Secretary, has turned down a request from union officials for a meeting over the proposed closure of Prestcold's two Scottish factories.

U.S. buyer steps in for Kirkby presses

BY RHYS DAVID
A SALE of large presses at the KME workers' co-operative at Kirkby-on-Merseyside was halted in mid-auction yesterday with the emergence of a possible American buyer for the plant.



Sir Geoffrey Howe, Chancellor of the Exchequer, preparing his first Budget in the Treasury yesterday.

Hospital 'desperate' protest to Chancellor

A PROTEST against the shortage of nurses at the hospital where he is president of the League of Friends was delivered to Sir Geoffrey Howe, Chancellor of the Exchequer, yesterday.

Gold regains its place in monetary reserves

BY KENNETH MARSTON, MINING EDITOR
GOLD APPEARS to have finally won its battle for world acceptance as a store of wealth.

EEC loan of £1.450m for Orkneys

A LOAN of £1.450m has been granted by the European Investment Bank to help meet the cost of harbour development improvements to the water supply and sewerage in the Orkneys.

Pit study tour

NINETEEN mining apprentices chosen by the National Coal Board will leave London on June 18 on a study tour of the Ruhr Coalfield, West Germany.

Relaxation

Last year the DoE issued permits for 17m square feet of new office development in the region, compared with 14.1m square feet in 1977 and 14.4m square feet in 1976.

External trade figures out today

BY OUR ECONOMICS STAFF
WEEKS of speculation about the UK's external trade position over the early part of this year end today with the publication of two sets of balance of payments figures.

UK receives £269m in EEC regional aid

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR
BRITAIN RECEIVED £268.75m from the EEC's regional fund between 1973-78.

CHRISTINE MOIR LOOKS AT SUPERVISION OF THE SECURITIES MARKET

Larkfold case study reveals 'imperfections'

CONTROL OR supervision of certain areas of the securities market is "less than perfect", according to Mr. Donald Nicholls, QC and accountant.

Bill planned to aid small inner-city companies

BY PAUL TAYLOR
THE GOVERNMENT has been asked to introduce new legislation which would extend the powers of local authorities with inner city problems to provide aid to small businesses.

Councils draw up new wage fixing machinery

BY PAUL TAYLOR
A MAJOR change in the pay bargaining machinery covering local authority employees has been proposed by the Association of Metropolitan Authorities.

Commission approves Guardian link-up

By Maurice Samuelson
THE GUARDIAN and Manchester Evening News has been allowed by the Monopolies Commission to purchase 85 per cent of the shares of Surrey Advertiser Newspaper Holdings, which controls 29 regional newspapers.

House building sluggish despite slow increase

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT
THE SLOW INCREASE in the number of new homes being built continued in April, although output remained at comparatively low levels.

Gloomy

The total number of housing completions in April amounted to 17,500—a repeat of the previous month's figure.

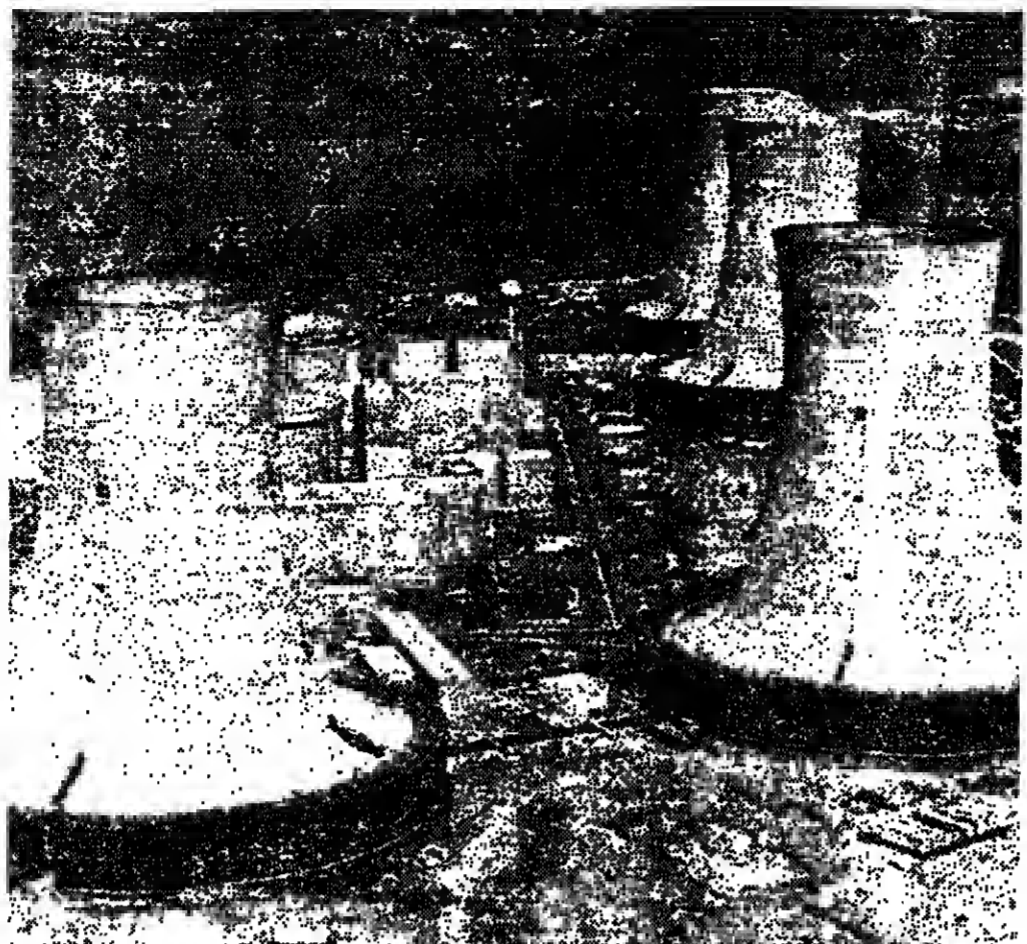


ENERGY REVIEW: THREE MILE ISLAND

BY DAVID LASCELLES IN NEW YORK

The jig-saw puzzle starts to fit

TEN WEEKS after the chilly March morning when alarm bells rang on Three Mile Island heralding the worst nuclear accident to occur in the U.S., the causes are finally beginning to fall into place...



Three Mile Island—the accident was '80 per cent human error.'

Starred

At the end of the nuclear reaction, the temperature and pressure began to drop again, at which point the safety valve should have closed again automatically...

The open valve allowed pressure to escape from the system, posing the danger that water inside would flash to steam and leave the fuel uncooled.

Several hours It was only after several hours that engineers grasped exactly what was happening.

By then the damage had been done. Radioactive water had spilled through the relief valve into the drain tank, rupturing an overflow disc and spilling on to the reactor building floor.

approved by the Nuclear Regulator Commission — the government's nuclear inspectors. However, Mr. MacMillan says that simulated emergencies on which they were trained assumed that all valves and pumps were in the correct operating mode...

The company also claims that the fact that the valves were closed means that the power station was being operated in violation of the operating manual, and therefore in violation of its operating licence, too.

For their part, Metropolitan Edison and its parent company, General Public Utilities (which has been brought to its knees financially by the accident), complain that their operators were never trained to cope with such a concatenation of events...

Public faith

For the public, all the arguing has weakened still further its faith in nuclear power. The talk of human error and the unforeseen has tended to overshadow the fact that only one small piece of equipment failed...

It will be months before responsibilities are finally assigned by the presidential commission. But already the accident has led to tougher safety standards...

Simulator

Apart from supplying equipment, his company also trained the Three Mile Island operators for about two months on a reactor simulator—a simulated nuclear control room—at its headquarters in Lynchburg, Virginia.

FOOD PRICE MOVEMENTS

Table with 4 columns: Item, June 7, Week ago, Month ago. Includes rows for Bacon, Butter, Eggs, Beef, Lamb, Pork, and Poultry.

Advertisement for Viking Resources International N.V., Curaçao, Netherlands Antilles. Includes details about annual general meeting and share dividends.

J. SMART & CO. (CONTRACTORS) LTD.

Interim Statement At a Board Meeting on 7th June, 1979, the Directors declared an Interim Dividend per share of 0.605p net (0.55p) due payable on 2nd July, 1979...

UNITED OVERSEAS BANK GROUP FINANCIAL HIGHLIGHTS

Table showing profits for 1978 and 1977, and percentage increase. Columns: Profits (S\$'000), 1978, 1977, Increase, %.

DIVIDENDS Final dividend of 7 1/2% on the enlarged capital of S\$175.7 million. Together with the interim dividend of 5% less tax, the total dividend for the financial year would amount to 12 1/2% less tax.

BALANCE SHEET AS AT 31 DECEMBER 1978

Table with 4 columns: LIABILITIES, ASSETS, and their respective values in S\$'000. Includes categories like Capital & Reserves, Total Deposits, Cash, Balances with Bankers & Money At Call.

A copy of the UOB 1978 Annual Report is available on request.

The United Overseas Bank Group (comprising United Overseas Bank, Chung Khai Bank and Lee Wah Bank) over 40 years of experience in Southeast Asia...



UNITED OVERSEAS BANK GROUP Trade Finance - Lease to Buy - Securities - Asset Group - Assets valued S\$2,500 million

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Isvemer THE 25th FINANCIAL YEAR

The meeting of the shareholders of the Isvemer Endowment Fund - Institute for the Economic Development of Southern Italy - has approved the balance sheet for the financial year 1978 which is summed up in the following figures:

BALANCE SHEET AS AT 31st DECEMBER 1978 (US\$)

Table with 2 columns: ASSETS and LIABILITIES, showing various financial items and their values in US dollars.

Isvemer carries out its medium-term credit activity, both at low interest and market rates, in Southern Continental Italy, by the following operations:

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and from execution of work abroad. Naval credit for construction, transformation of ships and purchase of craft already in service abroad. Tourist credit for hotel trade.

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3 year cash credits. Discounts and advances by regular priority on yearly instalments due from the State, the Districts, the Provinces, the Municipalities, the Unions and from other public bodies. Substitution of bond loans upon issue. Concessions and advances on State bonds, securities as well as discounts on ordinary Treasury bonds. Other operations provided by particular provisions of the law.



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THE PROPERTY MARKET BY MICHAEL CASSELL

# 'New Dukes' take more land

THE PURCHASE by the Prudential of Sir Charles Clore's Guy's Estate in Herefordshire for a sum thought to be in excess of £20m, making it possibly the largest agricultural investment to have ever changed hands in the UK, highlights the growing role played by farms in the make-up of institutional property portfolios.

The deal, kept a well-guarded secret for about a year and which might have aroused the interest of half a dozen other institutions had they known the estate was available, included nearly 17,000 acres of agricultural land. The deal moves in at the end of September.

There was a time not so long ago when investment in agricultural land was largely confined to the likes of the Church, the Charity Commissioners and Crown Estates, but in the last decade institutional interest has blossomed as the quest for well-spread portfolios has intensified.

Now, names like the National Coal Board Pension Fund, British Rail Pension Fund, Abbey Life (recently a big purchaser) and the Pension Fund Property Unit Trust (with a quarter of its £200m-plus portfolio in farmland) are just as likely to be active in the agricultural market. With major increases recorded in the value of agricultural land over the past two years, the farm content of most portfolios has performed very well.

But more significantly, according to people like Mr. Peter Caroe of Knight Frank & Rutley, one of the men behind the Clore deal, the potential value of UK farmland is immense. He points out that the prospects of a further, inevitable devaluation by Britain of the Green Pound, with the clear implication that it will improve the lot of the farmer and ultimately work through to affect the price of his basic commodity, can only enhance the attractions of agricultural land as an investment opportunity.

## Green pound

Mr. Caroe claims that in Ireland, where Green Pound devaluation has been more substantial, average land prices have now risen to between £3,000 and £3,500 an acre while in England they stand at around £2,000 an acre for vacant land. In countries like Germany, Denmark and Holland, average prices per acre are running at anything from £4,000 to £5,500.

He does concede, however, that although the British farmer is among the most automated anywhere in the world, crop yield per acre is not the best, "largely because we still like our hedges and trees."

The institution, usually only interested in let land, has to look at agricultural investment in a different way. As Mr. Eric Chapman, chief surveyor to the Pru, said recently: "Compared

with the current 13 per cent on long-term gilts, the initial yield of perhaps 3 per cent on let farms is extremely low. But we believe the initial deficit will be more than overcome over the long period, by steady increases in the reasonable rents we can agree at the three-year reviews.

"I emphasise reasonable rents. The company does not wish to fix an excessive rent at the review only to find that genuine growth in rental value has merely been anticipated. We look for a secure and steady growing income over 50 to 100 years or more."

The (non-crop) yield picture has fluctuated significantly in recent years. In 1973-73 initial returns of 2 per cent or 3 per cent were accepted, rising to 4 per cent or 5 per cent in 1974-76 and now back down to around 2½-3 per cent.

According to Mr. Caroe: "The day will come when institutions are again buying at one per cent because their portfolio is out of balance and at a time when interest rates are a lot lower, when it is difficult to achieve higher rents elsewhere and when the general economy looks fairly sound."

At present, the vacant land market is very buoyant, with a lot more acreage on offer than a year ago but with demand outstripping supply. Prices are running at up to £2,200 an acre against £1,000 to £1,200 an acre two years ago. The market for let land is

much narrower, with the flood of investment opportunities originally created by sale and lease-back deals involving owners facing massive Capital Transfer Tax liabilities and starved of capital for fixed assets, now down to a more modest flow. Such deals are, however, still done, although with yields running at present levels the institutions—often the only people in a position to buy—are reluctant to do so.

Any forthcoming reductions in CTT would clearly reduce the sale and lease-back deals, a development likely to be welcomed by those who believe that, before long, British farms could all end up in the hands of the institutions or foreign investors.

In reality, that situation is still a long way off, as the impending Northfield report on the penetration and influence of those relative newcomers—"the new Dukes"—should show.

● Kingsgate House, the new Romulus Construction office complex in King's Road, Chelsea, has been fully let and sold to Sun Life Assurance for £4.3m, showing a yield marginally above 6 per cent. Penguin Books, a member of Pearson Longman International, has paid a rent close to the asking figure of £280,000. Jones Lang Wootton arranged the letting and the sale. Rogers Chapman advised Penguin and Bell Ingram represented Sun Life.

## IN BRIEF

● The GLC has sold a 99-year lease on a 6.9 acre site in Hounslow to developers Second London Wall for a price reported to be well in excess of £300,000 an acre. The site on Hampton Road West is to be developed with a wide range of industrial units "to meet strong leasing demand in the Heathrow area." Bernard Thorpe acted for Second London Wall.

● Wyndham Investment, the property holding company of Allied Breweries Pension Funds, has bought Essex House, Southend for £3m. Developed recently by Solon Investments, a Keyser Ullmann subsidiary, and let to the Joint Credit Card Company (better known as Access) for 35 years, the initial £165,000 annual rent equates to a yield of just over 5 per cent.

● Confirmation this week that Horizon, the tour operator, has taken 82,000 sq ft of MEPC's Broadway office development in Edgbaston at an asking rent of £2.25 a sq ft.

At the same time a further 10,580 sq ft has also been let to W. G. Cannings and M & T Chemicals. MEPC says that only 11,400 sq ft remains available in the 162,000 sq ft building.

The asking rent for this is to be raised to around £3 a sq ft—further indication of the recovery taking place in the Edgbaston office market. Agents for Broadway are Grimley and Son, Haylock Inghley and Edsall and Edward Erdman.

# Call to the institutions

THE INSTITUTIONS should consider whether their investment criteria are too rigid when it comes to the financing of small unit industrial estates.

That, at least, is the view of Mr. Harold Crouch, a partner with Hillier, Parker, May and Rowden, who believes there is plenty of scope for good investment in this type of property, if only the pension funds and other financial institutions now searching for a place to put their money would rethink some long-held though not necessarily appropriate attitudes.

Mr. Crouch says that many small companies—now more than ever recognised as an important element in the nation's economic well-being—need a lot of help in obtaining suitable premises but that the institutions often fail to assist with the provision of badly-needed space, even if a financial appraisal shows a particular scheme to be viable.

## 'Not keen'

The institutions, claims Mr. Crouch, are not keen on true industrial premises—most investment properties in the sector involve warehousing or light industry—and demand is usually restricted to properties with a capital value of between £250,000 and £5m.

Investors, he adds, like estates close to motorways, prefer major cities and are only interested in estates with a limited number of units and a minimum area

of 3,000 square feet each. Emphasis is on quality of covenant, ease of management and prospects for rental growth.

In addition, they take a critical view of the standard of specification and have a strong preference for freehold property or leases of between 99 years and 125 years.

The trouble is, according to Mr. Crouch, that often nursery estates simply do not meet many of these requirements and that potential investors often exaggerate the problems involved in managing such developments.

Prospective purchasers also want a more attractive return on capital. Assuming that a development is completed and let, a first-class standard estate might command a yield of between 8½ per cent and 7½ per cent compared with 8½ per cent for a new nursery development.

Mr. Crouch, who was helped in his research by Peter Sellers of Leicester agents Ailcock Sellers, Gordon Smith and Andrew Twelves of Eadon, Lockwood and Riddle, points out that the general availability of full finance for traditional industrial-warehouse development, sometimes even on a speculative basis, only accentuates the difficulties of investment in nursery units, which are rarely pre-let. If an investor can be found to provide finance, he will require a further improvement in yield to reflect the risks taken.

The problems of small unit development can sometimes be

mitigated by partnership schemes with local authorities or new town corporations, with the authority taking an overriding leaseback of the entire development and being responsible for management and lettings.

Although this type of arrangement can increase the marketability of the estate to investors, there may be a conflict of interest between authority and investor, while the authority's prime concern may be in making space available for new or expanding companies, the investor wants the best rents at all times.

Clauses can be inserted in the leaseback to try to deal with the problem, but the partnership can be an uneasy one. So although the dearth of good property investment opportunities may have stimulated some interest in the nursery estate, they look set to command limited interest among investors—whatever their strategic importance in terms of the national economy.

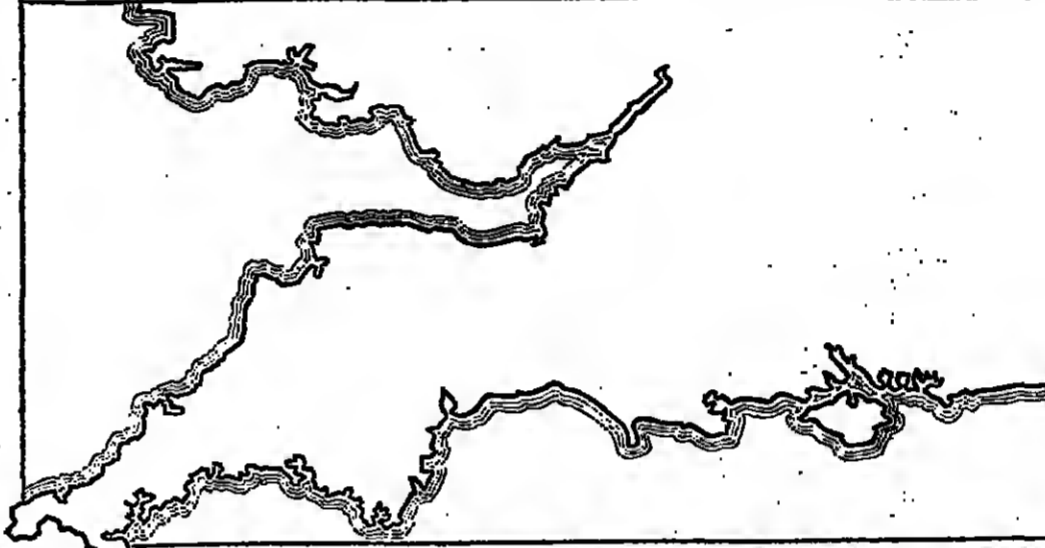
● Floor (Great Britain) the new tenants at Euston Square, has disposed of 170,000 sq ft of office space in six buildings which previously housed its London operations. Only the second floor of Blackfriars House, New Bridge Street, E.C.4, remains to be let—the asking rent is £11 a sq ft. White Drace and Brown acted for Floor.

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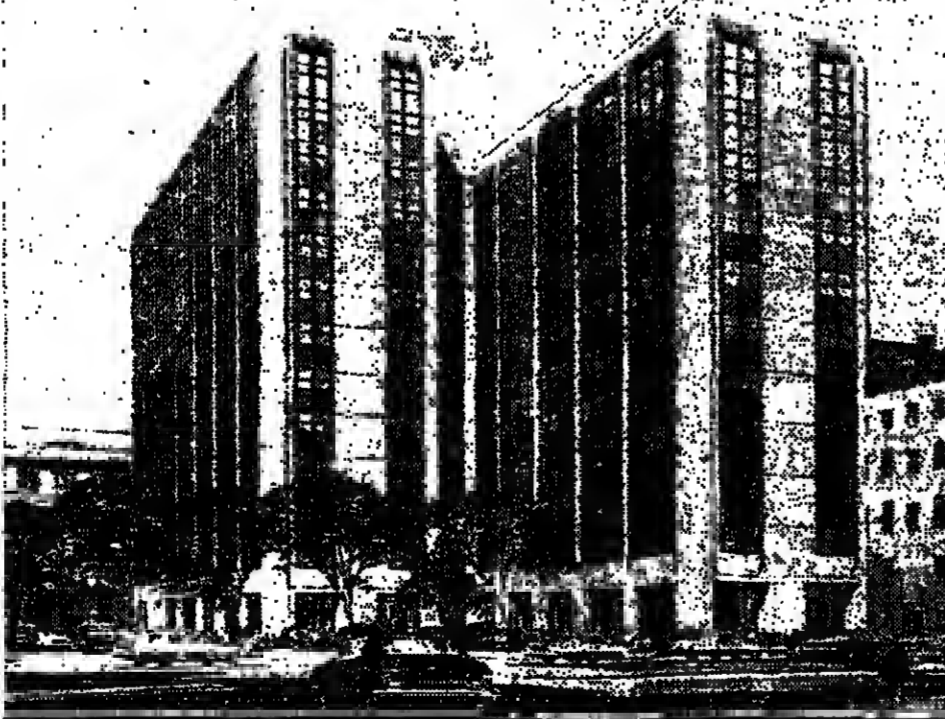
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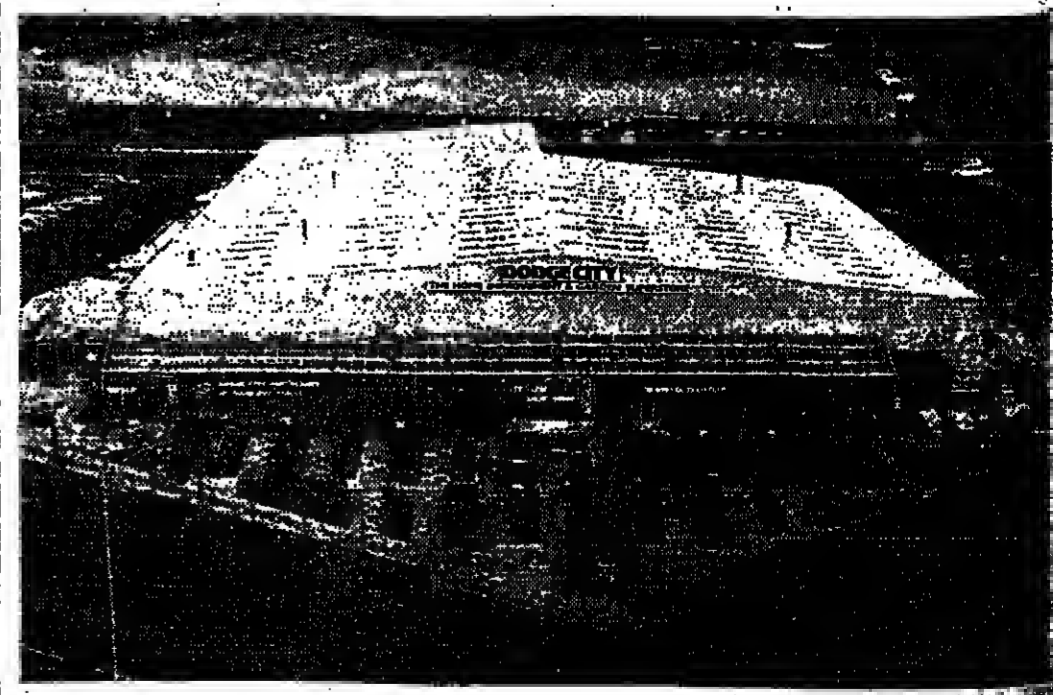
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Mr. Kenneth G. Corfield has been appointed chairman of STANDARD TELEPHONES AND CABLES and continues as managing director.



Mr. Kenneth Corfield elected group vice-president of sales and marketing for C&S SHARE INC.

Mr. N. E. H. Wade has been elected chairman of the ELECTRIC VEHICLE ASSOCIATION OF GREAT BRITAIN.

Mr. Malcolm Hoppo has been appointed deputy director (editorial) for AIMS, the Free Enterprise Organisation.

Mr. Michael L. Hepher has been appointed deputy managing director and director, operations support of ABBEY LIFE ASSURANCE COMPANY.

Mr. L. R. Mann is to become chairman and managing director of VICTOR PRODUCTS (WALLS-END) on July 1.

Mr. John James Navler, director of engineering at NEEPSEND has retired from the board.

Mr. C. I. Lockhart has been appointed secretary of the NATIONAL ASSOCIATION OF PENSION FUNDS in succession to Mr. J. D. Cran.

Mr. Christopher Jenkin and Mr. John Shepherd have been appointed directors of P. S. MOSSE & PARTNERS.

Mr. Ian Norrington has joined the international department of GRIVESON GRANT AND COMPANY, stockbrokers.

Dr. David R. Lockhart, chairman of FOOD INDUSTRIES will be promoted to chairman of its Urachin division.

Mr. Kevin Kalkhoven has been appointed a director of STANLEY GIBBONS MAPSELLERS.

Vice-Admiral C. Rusby is to be deputy supreme allied commander Atlantic in succession to Vice-Admiral D. A. Loran.

Mr. John R. Hitch has been appointed managing director of PLESSEY HYDRAULICS and takes up his responsibilities from Mr. Leo Curran.

Following the acquisition by British International Holdings of more than 90 per cent of the issued share capital of WILMOT BREEDEN (HOLDINGS), Mr. M. D. Walker, Mr. R. W. Foxen and Mr. T. J. Connaughton have joined the Board of Wilmot Breeden.

Mr. Yasha Beresiner has been appointed a director of STANLEY GIBBONS MAPSELLERS.

PRESTIGE OFFICE DEVELOPMENTS NORTH-EAST CITY BOUNDARY CLOSE LIVERPOOL STREET STATION sole agents St. Quentin Telephone 01-236 4040

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ROYAL TUNBRIDGE WELLS FREEHOLD OFFICE BUILDING 3,900 sq ft WITH VACANT POSSESSION and a DETACHED RESIDENTIAL PROPERTY (partly let) TO BE SOLD BY AUCTION Wednesday 4th July 1979

79 Mount Street London W1 Attractive Office Accommodation with residential unit Lift Central heating 4050 Sq. ft. approx. To Let (00277 GB)

CITY FRINGE adj. UNDERGROUND STN. (3 Stops, BANK) FULLY MODERNISED OFFICES 4,700 sq.ft. approx. Lift • Central Heating • Carpeting apply Sole Agents MICHAEL LAURIE & PARTNERS FITZROY HOUSE 18/20 GRAFTON STREET LONDON W1X 4DD 01-493 7050

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FLEURETS BARNLEY'S RESTAURANT BRIGHTON SQUARE, BRIGHTON Previously trading as 'Vasso', the first Cafe-Pub in Britain.

HAMPSTEAD The Wellgarth Nursery Training College This important property, ideal for Institutional or similar user standing in just under One Acre and providing approximately 21,000 sq. ft. net (1950m<sup>2</sup>) together with secondary house is offered with Vacant Possession

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Factories & Warehouses 3,000 sq ft-50,000 sq ft Peterborough Ring John Case 0733 68931

INTERNATIONAL PROPERTY FARM Excellent retreat and investment. Situated in outskirts of the beautiful old village of Hampton, Connecticut.

NEW LIGHT Industrial Investment SOUTH EAST LONDON New 10,000 sq ft light industrial investment on established estate in West Norwood.

HELMSHORE, NEAR MANCHESTER Superior residential site with full planning permission for 20 detached houses.

Two Prime Shops Sloane Street SW1 Frontage: 23 ft. Area: 4,020 sq. ft. Notting Hill Gate W11 Frontage: 18 ft. Area: 1,680 sq. ft.

65 US SHOPPING CENTRES \$135 MILLION 30% CASH Situated across the USA with major tenants. Offered for sale by one of America's largest real estate agents to principals or their representatives only.

ERITH, KENT LAST REMAINING NEW WAREHOUSE 9,720 SQ FT Full Details: CHAMBERLAIN & WILLOWS 01-882 4633

FACORIES AND WAREHOUSES WROTHAM, MS LOCATION. Register of factories in regions serviced by these firms.

SHOPS AND OFFICES LONDON, Tooting High Street. A freehold extensively refurbished office block let to Area Health Authority.

FOR INVESTMENT CITY BORDERS EC1 High Yield Freehold Industrial Investment. Producing: £7,500 p.a. Secured on Single-storey Factory of 5,975 sq. ft.

BANK RETURN BANKING DEPARTMENT ISSUE DEPARTMENT

BANCO DI NAPOLI From the BALANCE SHEET as at 31st December 1978

Jaffiolito



THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Call for a national pay forum

ROY CLOSE, director-general of the British Institute of Management, this week made an impassioned call for a national pay forum to determine what the nation can afford to pay itself during the wage round.

He wants employers, unions, Government and of course, managers to make an economic assessment at the outset of a new pay round, and by this method establish the parameters of bargaining in the succeeding 12 months.

The setting up of this forum is the essential first step for the pay round beginning after July. He would hope that it could provide an informed and objective background against which individual claims could be negotiated and settled in a less restrictive but more constructive atmosphere in which public understanding would also play its part.

Close warned that the present task of the Clegg Commission was not a simple matter and that it must attempt to compare a number of things that are not easy to quantify.

Hazel Duffy explains why the example of its customers pushed a major U.S. farm machinery company into industrial equipment

How Deere found success beyond the farm gate

A FASCINATING battle is being waged among the top industrial equipment companies to become the established number two worldwide to Caterpillar's seemingly impregnable leadership. The John Deere company, probably the most successful agricultural equipment manufacturer in the world, is a relative newcomer to this field.

Enviably

The level of sales is all-important in this business, and is the reason why North American-based companies are pushing hard to create a share for themselves in markets outside the continent.

Robert Gerstenberger, senior vice-president of product development, estimates it takes between three and five years, and costs \$10-35m. Mr. Cliff Peterson, the senior financial vice-president, looks at the overall cost in terms of sales revenue; the division has been spending at the rate of around 7 per cent of sales on development for the past 10 years.

Bombard

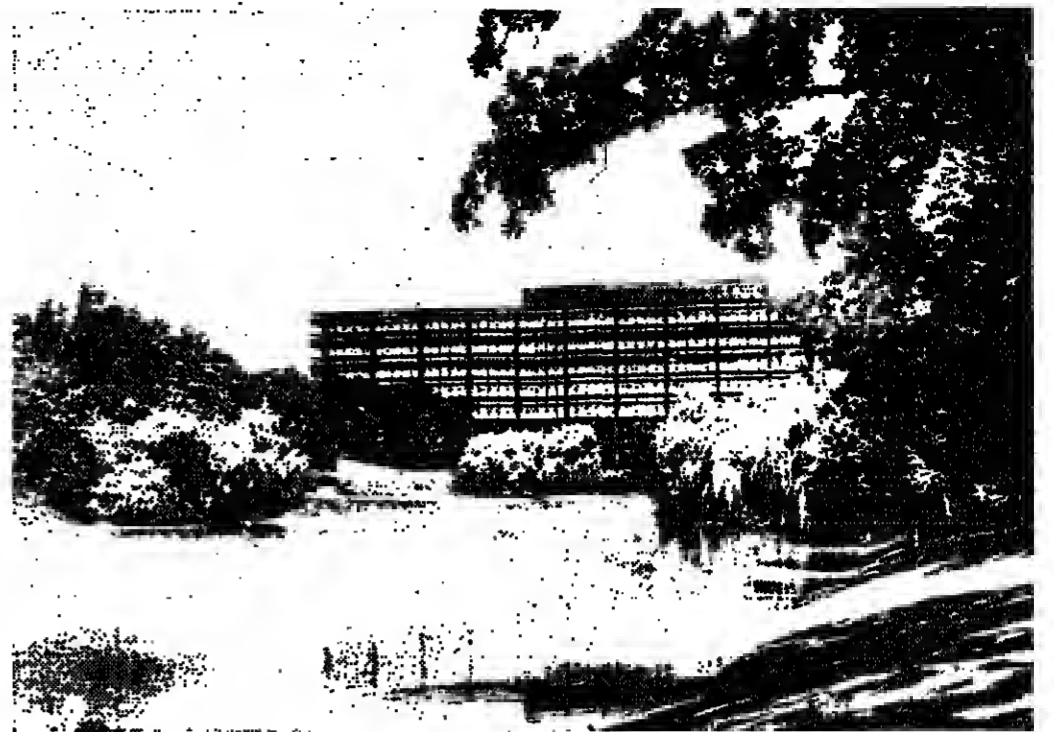
Product engineering is where it all starts, and much of Deere's success in rapidly building up market share has been because it has the right products. Like the automotive industry, industrial equipment manufacturers bombard their potential customers with all sorts of claims about technological innovation.

John Deere forged the first successful steel plough for the prairie soil back in 1837, on a farm near Grand Detour, Illinois. Ten years later, he moved the business to Moline, Illinois, to take advantage of the transport facilities offered by the Mississippi, and it is there that the group still has its headquarters.

His emphasis on architectural excellence will remain a legacy of which the company can be justly proud. His tastefully-designed administrative centre in Moline, is a refreshing departure from the natural run of smaller mid-Western towns.

As well as ensuring that their physical surroundings are as attractive as possible, John Deere also employs some good old-fashioned American beliefs in relation to its workforce. Employees are told: "We believe that each employee would like to feel that his work is important, that he is on a good team, that he can take pride in his place and in his accomplishments."

John Deere's first customers were the farmers on his doorstep. Farm equipment now accounts for sales well in excess of \$3bn, and is still the mainstay of the group.



Far removed from the heat and dust associated with its industrial equipment, the sylvan setting of Deere and company's award-winning centre in rural Illinois.

The area which has the potential for more rapid growth—a promise which has been confirmed by 20 per cent annual sales growth in recent years. The U.S. is the single biggest market for industrial equipment, and has enjoyed a much more buoyant economy since 1974 than Europe.

With the American economy expected to slow down later this year, Deere's growth targets will depend substantially on its success outside North America. It aims to expand by 20 per cent annually overseas for the next five years.

Several years ago Deere reached an advanced stage in negotiations for merging with the construction equipment interests of Fiat, which would have given it the stake in Europe which it is now trying to build up.

where it is," says a senior Deere director, "and we are working in the same direction." He admits that Deere still has a long way to go in catching up overseas with other established multi-national industrial equipment. In Europe, for example, it will require "a more aggressive approach than we have had to date," and probably some adaptation of its range of equipment to suit the European demand more exactly.

So far, Deere has rejected the overtures of companies like Ford and British Leyland which have put their industrial equipment subsidiaries in Europe up for sale. It remains to be seen, however, whether the company will be tempted into taking a short cut in Europe by making an acquisition.

The key factor in determining Deere's success will be the effectiveness of the independent distributor network which is being built up, and in turn governs the degree of product support (spares, servicing, etc.) that Deere is able to offer its customers. "Product support is what has brought Caterpillar to

dent in the probability of Deere's industrial equipment division. Out of a profit of \$86m last year, the overseas contribution was marginal. Peterson says the company is aiming at net profit margins on industrial equipment of between 7 and 9 per cent over the next decade, but agrees "we shall make it in the U.S. first."

Deere is not a company that has plunged head first into international markets. Although a well established name in farm equipment worldwide for many years, it did not set up factories overseas until later than its competitors in this field. In industrial equipment, it has only one factory overseas, and that is in France. At senior management level, the group was exclusively American until the recent appointment of Walter Vogel, a German, as executive vice-president. In sales, the split between North America and overseas is still overwhelmingly in favour of the former, although the aim is that one-third of sales for the whole group should come from the latter within 10 years.

Looking at the mistakes which have been made by some of the North American companies in over-extending their international commitments, the cautious approach of Deere can be seen to have been an advantage. But industrial equipment is an international industry, and Deere must succeed in these markets if it is to get the necessary volume of production. The evolution of the group as a multi-national is probably the biggest challenge facing it today.



INVISIBLE RAYS PROTECT YOUR HOME FROM BURGLARS.

One of the wonders of modern science has just become a breakthrough in modern home protection. The Sonic Alarm is a completely portable, battery-operated ultrasonic intrusion protection system. It emits high-frequency sound waves, inaudible to people or pets, that form an electronic "picture" of the room or hallway.

THE SONIC ALARM. £79.95 (+p&p)

And like some other recent electronic breakthroughs—pocket calculators, for instance—the Sonic Alarm represents a breakthrough in price too. At £79.95 it is far below conventional alarm systems which start at around £200. And its neater. The whole unit measures only 8 3/4 ins x 4 1/2 ins x 3 3/4 ins, looks innocently like a small Hi-Fi speaker in a handsome, teak style cabinet, and is guaranteed for 12 months.

It works on four 1 1/2 volt batteries which last about a year. A battery life indicator automatically warns you when a change is due. So make your own breakthrough in home protection. Fill in the coupon for the Sonic Alarm and protect your home.

PROMISE: Selective Marketplace (A subsidiary of Times Newspapers Limited) 18 Ogle Street, London W1P 1LQ, will return your money if you are not fully satisfied. Simply return the item(s) to us within 7 days of receipt. Enquiries: Telephone 01-637 7951. Please allow 30 days for delivery.

Where? Thinking about relocation. But where? You will have a set of views, opinions and prejudices about different areas of the country. This forms your geographical 'mental map' through which you sense the relationship of one place to another. But with so many carefully manipulated maps about, it's easy to confuse your 'mental map' with reality. We don't intend to confuse you. No manipulated map. Just straight talking. Quite simply Northampton's gazetteer reads: midway between London and Birmingham on the M1, close to the M6 junction and therefore within easy reach of most of the country. Indeed, 50% of Britain's industry and 57% of its population is within a 100 mile radius. The major sea ports of London, Southampton, Bristol, Birmingham, Felixstowe and Harwich are all within a 100 mile radius. Birmingham, Luton and East Midlands airports are within 50 miles. Heathrow is about 70 miles away. An inland customs depot with full import and export facilities, ready-built industrial and commercial premises or full serviced sites, a wide choice of homes to rent or buy, good shopping, educational, recreational and entertainment facilities, as well as lots of open space, provide the infrastructure of this mature county town of regional influence. Northampton middle england character prosperity & growth for a straight answer contact Leslie Austin-Crowe BSc FRICS, Chief Estate Surveyor Northampton Development Corporation 2-3 Market Square, Northampton NN1 2EN 0604 34734

LOMBARD

A special role for Britain

BY JONATHAN CARR

CRITICISM from Mr. Anthony Wedgwood Benn is praise indeed: that the heart of the new British ambassador in Washington, Sir Nicholas Henderson, must be swelling with pride.

Out of touch

It is, of course, Messrs. Benn and Owen who are out of touch if they really dismiss the picture of dwindling political influence linked to economic decline.

The almost inevitable result has been that intensification of the Franco-West German relationship to which Sir Nicholas rightly refers.

It was to be expected that Sir Nicholas's analysis would bring charges really not far from saying that the man lacks patriotism, that he is (to use a phrase from a former Labour government) 'selling Britain short'.

There will never be a cure for Britain if the fact of illness is not recognised. The real treason would be to suggest—once the sickness has been admitted—that there is not and cannot be a cure.

It could well be that Western Europe and the U.S. are steering towards one of the most difficult periods in their relationship—one in which mutual recrimination in the scramble for diminishing energy supplies could spill over into other fields.

Sheerness itself again after 1960s decline

BY ERIC SHORT

THE MEDWAY has always been associated with the Senior Service since the foundation of the navy. Chatham and Sheerness were well known to all...



The potential of Sheerness was that there was deep water only 100 ft from the old frontage. The site itself faced Europe and was also at the heart of the Thames...

all the prevailing winds. There are now five major deep water berths, with room for expansion if required.

There has been no real shortage of customers to take advantage of the facilities offered. The expansion of trade with Europe was timely.

First but not the earliest development, is the car and freight ferry facilities to Northern Europe. Started in 1972, there is a three times daily service from Sheerness to Flushing, Holland...

Sheerness has good road and rail links with London though for the most part it means using the branch line to Sittingbourne on the main London-Dover line.



A tasting of cherry on board ship before being unloaded at Sheerness Docks.

come into Sheerness and the motor companies have taken over large tracts of Sheppey, which is a flat somewhat marshy island, and made them into vast vehicle parks.

Why have these companies picked Sheerness in preference to the bigger parts on the Lower Thames. Basically, it is the good labour relations that exist in the docks and the quicker handling facilities offered.

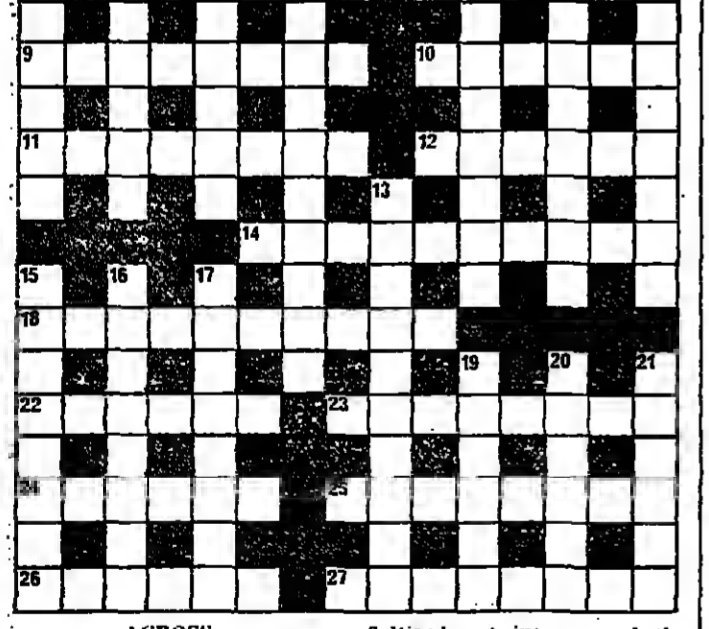
TV Radio

6.40-7.55 an Open University (OUP) high frequency only. 9.30 For Schools, Colleges, 10.45 You and Me, 11.05 For Schools, Colleges, 1.15 pm News, 1.30 Heads and Tails, 2.00 For Schools, 2.30 News, 3.30 Regional, News for England (except London), 3.55 Play School (at BBC 2), 4.20 Henry, It's the King (cartoon), 4.40 We are the Champions, 5.10 Lasso, 5.33 Paddington, 5.40 News (London and South-East only).

BBC 1

5.35 Nationwide, 5.20 Nationwide, 7.00 It's a Knockout, 8.00 Are You Being Served?, 8.30 Top of the Pops, 9.10 News, 9.25 Tonight in Town (London and South-East), 10.15 Regional, National News, 10.30 The Late Film: 'The Joker is Wild' starring Frank Sinatra, All Regions as BBC1 except at the following times: Scotland—5.35-6.20 pm Reporting Scotland, 10.15 Camille, 10.45-10.50 Regional, National News, Wales—11.05-11.25 am Fr Sunday (Leeds) Look at Wales!, 1.30-1.45 pm Bys a Bawd, 5.53-6.20

F.T. CROSSWORD PUZZLE No. 3990



1 Dad's fur is just fair (8)
2 Alrman dashed round and separated (8)
3 Judge fish with would-be noheman (5)
4 Move very fast with hiltiness going to work (6)
5 What secretaries do to reduce (4, 4)
6 A vocal inflexion right for expiator (6)
7 Forensic caper that is about Irishman (10)
8 Can't pry in bracket (10)
9 Live and carry us—see? (6)
10 Clarity has to finish in tender (8)
11 Transfer a southern symbol (6)
12 Wanting to accept learner but it's irritating (8)
13 Rumble in talk that's odd in German article (6)
14 One way to encourage fish (5)
15 Weed put into ground the Scottish one (8)
16 Source of dates and clear mixture (5)
17 Left constituent in act (8)
18 Team to produce an undesirable feature of some drugs (4-6-6)
19 Black-leg and poet together should cover the point (5)
20 End holding: stove that may be engraved (8)
21 Conversion due to letting in one bad goal (8)
22 Nurse is sensitive to pain (6)
23 Skilled opinion producing: medicine on sin (6)
24 Male monster in female attire (7)
25 Solution to Puzzle No. 3989

Storm cancels Epsom card

EPSON'S SECOND day was hampered yesterday after an hour's thunderstorm just before the first race was due to start. The stewards inspected the course at 2.00 and decided that Tattenham Corner was in a dangerous state.

RACING BY DOMINIC WIGAN

Lady Beaverbrook, who has picked up so many worthwhile prizes at Epsom. He put up a particularly fine performance in last year's race, running on strongly to hold off a prolonged challenge from Fool's Mate.

Storm cancels Epsom card

Lester Piggott, successful on 29 occasions here since the start of the 1974 campaign, had little going his way on Wednesday, and he is sure of a good reception if he can steer his brother-in-law's 'After Tomorrow' to victory in the Woodbine Maiden Stakes.

ENTERTAINMENT GUIDE

THEATRES: COLISEUM, Covent Garden, 3.20-5.28. Reservations: 528 3161. June 10-14. Epsom, 7.30-8.55. June 10-14 at 12.15. FESTIVAL HALL, 7.30-8.55. June 10-14 at 12.15. LOUISIANA, 7.30-8.55. June 10-14 at 12.15. COVENT GARDEN, 7.30-8.55. June 10-14 at 12.15. NATIONAL THEATRE, 7.30-8.55. June 10-14 at 12.15. ROYAL OPERA HOUSE, 7.30-8.55. June 10-14 at 12.15. NATIONAL THEATRE, 7.30-8.55. June 10-14 at 12.15. ROYAL OPERA HOUSE, 7.30-8.55. June 10-14 at 12.15.







UK COMPANY NEWS

BP soars in first three months despite crude oil cutbacks

BETTER OIL trading margins, a £40m increase in the contribution from the Sohio venture and stock appreciation boosted 1979 first quarter taxable profit of British Petroleum Company by more than £150m to £734.1m.

HIGHLIGHTS

The contribution from North Sea and Alaskan crude oil and healthy downstream profits from Europe have boosted first quarter net income from BP so Lex points out that the momentum has not just come, as first supposed, from stock profits.

Morgan Crucible ahead at 3 months

TAXABLE PROFITS of Morgan Crucible Company, the international group supplying sophisticated components and materials to industries worldwide, rose from £2.66m to £2.97m in the three months to April 1, 1979.

Engineering decline holds 600 Group to £0.6m rise

A POOR performance by engineering products and services division held back the 600 Group in the year to March 31, 1979.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, Current dividend, Total last year. Includes Airflow, Anglo-Transvaal Consol., Bishop's Stores, etc.

Dividends shown pence per share etc except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of 1.625594p forecast. § Gross throughout. ¶ South African cents throughout.

Elson and Robbins marks time

TAXABLE PROFITS of Elson and Robbins were virtually static in the first half to March 31, 1979, but the results were affected by the lorry drivers' strike.

Doreen jumps to £1.5m

Doreen Holdings, the Dublin-based ladies fashion manufacturing and retailing organisation which recently acquired 60 retail fashion stores in the UK, announces a 67 per cent jump to £1.5m in pre-tax profits for the year ended March 31, 1979.

Airflow hit by motor disputes

Strikes in the motor industry and the haulage dispute hit Airflow Streamlines. In the year to February 28, 1979, the taxable surplus fell from £910,455 to £803,015 on turnover ahead from £10.5m to £11.5m.

A. Cohen recovers in second half

A SECOND-HALF recovery lifted taxable profits of A. Cohen and Co., metal refiner and non-ferrous alloys manufacturer, from £1.75m to £1.96m in 1978. Turnover was higher at £47.34m, against £44.03m.

Good first year at L & G Unit

A successful first full year of operation is reported by Mr. John Elbourne, the manager of Legal and General Unit Assurance, the linked-life subsidiary of Legal and General Assurance Society.

Buckley's Brewery

Reduced profits in the second half for Buckley's Brewery left the pre-tax figure for the 52 weeks ended March 31, 1979, down from a peak £361,606 to £311,258.

Glynwed, old shareholders at the annual meeting.

"Profitability in 1979 will depend to a large extent on the measures which the Government must take to boost the level of activity of manufacturing industries. Reductions in public expenditure should be concentrated on revenue spending and we as a group, would be unhappy to see any material cuts in Government capital expenditure, particularly in the field of construction," Mr. Fletcher said.

Glynwed waits for Budget

It would be foolhardy to make a confident profit forecast for 1979 with the Budget of a new Government only five days away, Mr. Leslie Fletcher, chairman of

Culter Guard advances

CONTINUING ITS recovery from the near £1.2m loss three years earlier, Culter Guard Bridge, paper maker and converter, lifted taxable profit for the 12 months to March 31, 1979, from £505,000 to £787,000, with a £227,000 advance in the second half.

Net surplus emerged at £558,000 (£286,000) after tax higher at £429,000, against £222,000. Retained profits amounted to £248,000 (£211,000).

Exports grew 88 per cent and there was a firm and consistent demand for plant papers during the year. The coated paper market was less steady, although overall demand in this sector was stronger than for some years, says Mr. Fleming.

In fine papers low-priced imports have made inroads into the UK market and, though paper prices have risen, manufacturers' margins have not improved.

It was a difficult year on the conversion side of the business and Smith and McLaurin was unable to obtain adequate prices to cover rising costs. However, with modern equipment recently installed, this company should be able to progress in new markets in due course, the chairman adds.

"All four mainstream activities contribute to our increasing worldwide strength"

TOM PRENTICE—CHAIRMAN, HARRISONS & CROSFIELD, LIMITED

Summary of Results

for the year ended 31st December 1978 (Subject to Audit)

Table with columns: 1978 (£m), 1977 (£m). Rows include: GROUP PROFIT BEFORE INTEREST AND TAXATION (54.3 vs 54.8), GROUP PROFIT BEFORE TAXATION (52.3 vs 53.3), GROUP PROFIT AFTER TAXATION (28.4 vs 26.8), EARNINGS FOR ORDINARY SHAREHOLDERS (23.5 vs 21.0), ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (23.2 vs 20.6), EARNINGS PER ORDINARY SHARE (52.7p vs 51.7p), DIVIDENDS PER ORDINARY SHARE (24.03p vs 21.78p).

NB In the figures previously reported for the year ended 31st December 1977 group profit before interest and taxation was £24.8 million and earnings per ordinary share were 50.2p. Note The figures for 1977 are restated to reflect the result of the offer for Harrison's Malaysian Estates Limited.

Table with columns: 1978 %, 1977 %. Rows include: PLANTATIONS (Profit before interest & taxation £28m), CHEMICALS AND INDUSTRIAL (Profit before interest & taxation £9m), TIMBER (Profit before interest & taxation £6m), GENERAL TRADING (Profit before interest & taxation £5m), Geographical Division of Profit (before interest & taxation), Investment Income and Associated Companies.

Dividend The Board recommends a final dividend of 17.53p per share making, with the interim of 6.5p per share, a total dividend for 1978 of 24.03p per share (35.87p per share including the related tax credit of 33/67ths), as forecast in the offer document for The Sabah Timber Company Ltd. The equivalent total dividend for 1977 was 21.78p per share (32.61p per share including the related tax credit at the appropriate rates).



Prospects Because of the hard winter coupled with industrial problems in the U.K., the chemical manufacturing Companies and some of the timber merchanting Companies started 1979 somewhat indifferently. However, plantation interests, chemical merchanting in Canada and a number of the general trading operations are currently ahead of last year and taken overall the outlook for 1979 is expected to be another satisfactory result.

Harrisons & Crosfield



The Royal National Institute for the Deaf. 'A wonderful source of new income for the development of vital projects for deaf people.' Roger Sydenham, Director.



National Society for Mentally Handicapped Children. 'We are very pleased to have received over £1 million from Ladbrokes Cashcade Lotteries in the last year.' Sir David Renton, KBE, QC, Chairman.



The Lord's Taverners/Eric Morecambe Appeal for Youth. 'Thanks to Cashcade we have already bought six buses for handicapped children, and there's more to come.' Eric Morecambe, OBE, President.



Anchor Housing for the Elderly in Need. 'Cashcade has helped us build Day Centres and Luncheon Clubs for the elderly and enter new fields of housing for their welfare.' Sir Leslie Kirkley, CBE, AGS, Vice Chairman.

Ladbrokes Cashcade Lotteries have raised £7m to date for good causes. Help us make it £10m by Christmas.

In the past year many different charities and good causes like those above have benefited from Ladbrokes Cashcade Instant Lotteries. So far, we have sold 75 million tickets and raised over £7 million. Every ticket purchased makes a direct contribution to the charity or cause, whose name it bears. Cashcade Instant Lottery tickets are sold through thousands of local retail outlets throughout the UK.

Help us do even better and raise £10 million by Christmas. And, of course, while you give to charity, you also give yourself the chance to win up to £1,000—instantly. Ladbrokes Cashcade Lotteries Part of the Ladbroke Group of Companies.

Harrisons and Crosfield finishes little changed at £52m

PRE-TAX profits of Harrisons and Crosfield were little changed at £52.5m for 1978 against a restated £53.2m previously...

of the timber merchanting side, started the current year somewhat indifferently. However, plantation interests, chemical merchanting in Canada and some of the general trading operations are currently ahead of last year...

At the time of the offer for Sabah Timber, a final of 17.53p is recommended lifting the total distribution from 21.78p to 24.03p net, costing £10.9m for the year.

WGI advances by 72% to £2.06m

AN OUTSTANDING performance by the civil engineering division enabled WGI to boost taxable profits by 72 per cent in the year to March 31, 1979.

pre-tax profits for the year jumped from £1.2m to £2.06m on turnover ahead 53 per cent from £22.9m to £34.4m. The civil engineering side hoisted its surplus from £117,641 to £1.16m.

Dobson Park improves 4% to £6.63m at six months

ON SALES some £7m higher at £71m, Dobson Park Industries, the mining and specialised engineering group, improved taxable profits from £6.35m to £6.63m for the six months to March 31, 1979.

of dividend legislation and tax policy, and the outcome of current negotiations with Mining Supplies. The talks concern a possible merger between the two companies by way of an offer by Dobson Park for the whole issued capital of Mining Supplies.

J. Smart expects to hold £1.3m

VIRTUALLY static full-year profits are forecast by J. Smart and Co. (Contractors). The directors estimate taxable profits will not be less than £1.25m in the year to July 31, 1979, compared with £1.29m last year.

Guthrie well on target with £20.9m

A SECOND-HALF recovery from £5.2m to £16.14m at Guthrie Corporation has lifted taxable profits for the whole of 1978 from 19.65m to a record £20.9m, compared with the £20.5m forecast made in February.

After a lower tax of £23.8m (£28.5m) for 1978, minorities and preference dividends, earnings were higher at £23.5m compared with £21m or £2.7p (51.7p) per £1 share.

extraordinary items and restatement exchange difference, are shown as 31p (31.5p) before adjustment for prior year ACT, and 32.9p (29.9p) after the same.

Warren Plantations turns in £5.8m

AS EXPECTED, taxable profits of Warren Plantation Holdings were well down for 1978 from £10.5m to £5.8m on turnover of £22.7m against £23.7m.

Despite substantial falls in tea and coffee prices the directors feel that the results are satisfactory, and are further evidence of the benefits being derived from the geographic diversification policy undertaken in recent years.

of past profits; and major UK diversification achieved with its acquisition of Joseph Mason paint group.

James Finlay falls £3.6m to £12m

SIMILAR fall in the second half as the first left taxable profits of James Finlay and Co., international trader and financier, group, behind by £3.4m at £12.14m for 1978.

achieve further growth it was unlikely this would compensate for the plantation downturn. Pre-tax figure for the year included lower associates' share of £1.51m against £3.12m last time, and was subject to tax of £7.09m (£9.33m).

as 14.4p (20.5p) per 25p share before extraordinary items. As already announced the dividend is stepped up, effectively, to 3.0328p (£2.16699p) net with a third interim of 2.5p, payable on July 25.

Cowie up 7.4% midway

AFFECTED by various adverse factors, pre-tax profits of T. Cowie, the car dealing and finance group, went ahead by 7.4 per cent from £704,000 to £756,000 for the year to March 31, 1979.

increase. Ford sales in March and April have been quite good but there is some uncertainty over the longer term future due to possible changes in VAT, and higher petrol prices.

Higher interest rates hit Lombard North

FIRST HALF taxable profits of Lombard North Central, the finance house subsidiary of national Westminster Bank group, were affected by the rise in the general level of interest rates which persisted until recent months.

however, that there was a substantial increase in the volume of new business of excellent quality during the six months and defaults continue at a very satisfactory level.

And the directors say they are confident that profit growth for the remainder of 1979 will be more in line with previous years.

Reckitt Australia confident

After-tax profits of Reckitt and Coleman Australia advanced by 7.4 per cent to \$4.87m in the half-year to April 30, 1979,

The interim dividend is raised from 6.25 cents to 6.5 cents and the directors expect the final to be at least equal last year's figure.

comment

It has been a tough first half for T. Cowie. The Ford main dealer was hit by the factory strike and turned at least £100,000 less than the previous first half.

PARKLAND TEXTILE (HOLDINGS) LTD Results for year ended 2nd March 1979 A FURTHER SUCCESSFUL YEAR Table with columns for 1979 and 1978, rows for Turnover, Profit before Tax, Earnings per share, Dividend per share, Dividend Cover, and 1978 figures restated.

comment

The year to March 1979 has suffered at the pre-tax level from the short-term effects of change, whilst at the after-tax level it has gained from the tax allowances in respect of the Capital investment necessary to bring about that change.

The Hintons Report.

Advertisement for The Hintons Report, featuring a table of financial metrics: Sales (£65 million), Pre-tax profits (£1.36 million), Earnings per share (18-92p), Dividends per share (3-2241p), Net assets per share (102p to 117p), Acquisitions (Dyer Brothers Ltd), Disposals (Wholesaling interests in Beers, Wines and Spirits), and Future Investment (£2.2 million over next 12 months).

Extracts from the Chairman's Review: Pre-tax profits are down by 22%. This result is below what I had expected, although it is still the second highest in the Group's history.

Advertisement for Amos Hinton & Sons Limited, featuring the Hinton logo and contact information for a copy of the Annual Report 1979.

Companies and Markets

UK COMPANY NEWS

BIDS and DEALS

Barclays Int. declines to £58.7m at half-time

Taxable profits of Barclays International, the Barclays Bank offshoot, fell from £62.1m to £58.7m in the half-year to March 31, 1979.

BOARD MEETINGS

- The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering directors' Official Indications...

recent rights issue had been taken up by about 92.8 per cent of the 17,277,387 shares offered.

Bishop's Stores 75% higher

A £1.2m turnaround in the second half boosted Bishop's Stores profits by 75 per cent to £1.4m in the 53 weeks to March 3, 1979.

StanChart talks on capital increase

DISCUSSIONS ON Standard Chartered's proposal to increase its authorised share capital from £100m to £120m have been held with major institutional shareholders.

BTR in surprise £26m offer for Bestobell

BTR, the fast growing British industrial holding company, yesterday announced its intention of making a £26.3m bid for Bestobell, a fluid engineering and insulation group.

ARMSTRONG OFFERS SHARE ALTERNATIVE

Armstrong Equipment is now offering a share alternative to its 81p cash offer for Jenks and Catell. The share offer, announced in the offer documents sent to shareholders yesterday is 11 new shares in Armstrong for every 10 Jenks.

Holt Lloyd pays £4.8m for U.S. car-care group

Holt Lloyd International, the UK manufacturer of car-care products, is paying \$10m (£4.8m) in cash for the U.S. Research Laboratories of the LPS Research Laboratories of the U.S.

James Beattie-Mrs. T. M. Murchie, director, has disposed of 30,000 "A" ordinary shares.

MRS. BILTON SELLS 0.36M SHARES

Mrs. E. G. Bilton, wife of Mr. Percy Bilton, octogenarian chairman of Percy Bilton, the property investment and civil engineering group, sold 366,459 shares in the company a few days before it announced its results for 1978.

BMCT/DIXON

Birmingham and Midland Counties Trust's stake in David Dixon and Co. has edged up to 29.58 per cent.

FRASER ANSBACHER SELLS STAKES

Fraser Ansbacher, the merchant and investment bank which is carrying out a reorganisation, has sold part of its stake in Grand Metropolitan and Associated Metals and Minerals as part of the capital reconstruction.

SHARE STAKES

Avans Group—Sir Julian Hodge has relinquished his interest in a non-beneficial holding of 630,598 ordinary shares.

MARSHALL'S BUYS MOBELEC

Marshall's Universal, the motor and parts distributors, has acquired Mobelec, an electronic ignition systems manufacturer for an initial consideration of £164,036.

Gulliver sells 750,000 shares in Alpine

James Gulliver Associates, the private investment company, has sold 750,000 shares in Alpine.

Yesterday's announcement comes just over two years after Gulliver became involved with Alpine by buying half a million shares at 19p each from Messrs. Dyer, Singer and Stoller.

Operating Profit

Table with 3 columns: Half-year, 1978, 1979. Rows include Operating profit, Interest on loan capital, Profit before tax, Tax, Profit after tax, Minorities, Extraordinary debit, Attributable.

Net asset value given at 29p (211p)

Table with 3 columns: 53 weeks 1978/79, 52 weeks 1977/78. Rows include Sales, Retail, Cash and Carry, Wholesale, Parent, Profit before tax, Tax, Net profit after tax, Dividends, Retained.

Carroll Industries Limited

(formerly P.J. Carroll & Company Limited)

ANNOUNCEMENT OF INTERIM RESULTS

Six months ended 31st March, 1979

Change of Name. The proposals for changing the name of the parent company approved at the last Annual General Meeting have now been implemented.

Results for the first half of the current year reflect continuing progress of the Group.

Table with 4 columns: Six months to 31/3/79, Six months to 31/3/78, Year ended 30/9/78. Rows include GROUP PROFIT & LOSS ACCOUNT, Group Sales, Domestic Sales, Export Sales, Profit before Taxation, Group Operating Profit, Adjusted Profit before Taxation, Earnings per Share.

A satisfactory increase in Profit after Tax as measured under the current cost convention is seen to be particularly important within the Group since this reflects the true basis of maintaining the assets required in a going concern and indicates the real surpluses available for the Group's development objectives.

An Extraordinary General Meeting will be held before the end of the present financial year at which proposals will be submitted to enlarge the authorised capital of the Company and capitalise £6 million of the Company's Reserves.

Table with 4 columns: Six months to 31/3/79, Six months to 31/3/78, Year ended 30/9/78. Rows include GROUP PROFIT & LOSS ACCOUNT, Group Sales, Group Trading Profit, Interest Payable less Receivable, Group Profit before Taxation, Adjusted Profit after Taxation, Preference Dividend, Attributable to Ordinary Shareholders, Earnings per Share.

Planning delays hold back Leigh

CAUSED primarily by planning delays and initial operating losses at its new Stables plant, taxable profits of Leigh Interests fell from £862,000 to £665,000 for the year ended March 31, 1979.

second half of last year and the group ended 1978 with pre-tax profits down from £790,533 to £993,466, on lower sales of £15.1m (£16.87m)—as reported May 11.

employees are to be offered alternative employment in the company's other mill which is operating profitably.

Petrocon Group

Manufacturers and suppliers of equipment to the oil, petrochemical, process and water industries.

Exports Increased

Table with 4 columns: £'000, 1978, 1977. Rows include Turnover, Trading profit, Earnings per share, Dividend.

"Direct exports were up for the seventh successive year and now represent some 36% of turnover."

"Although all companies need to show an improvement in order intake, the Group has made an encouraging start to the year."

Petrocon Group Limited

Copies of the Report and Accounts may be obtained from: The Secretary, Petrocon Group Limited, Petrocon House, Rosamund Avenue, West Byfleet, Surrey KT14 6LB.



WE, THE LIMBLESS, LOOK TO YOU FOR HELP

We come from both world wars. We come from Kenya, Malaya, Aden, Cyprus... and from Ulster. From keeping the peace no less than from war we limbless look to you for help.

Confidence at Francis Summer

The directors of Francis Summer (Holdings) are confident of continued improvement and are looking forward to another successful year.



MINING NEWS

Anglo American earns a record R202m

BY KENNETH MARSTON, MINING EDITOR

RECORD results for the year to March 31 are announced by Anglo American Corporation, South Africa's leading mining finance and industrial house. Net profits, before extraordinary items amount to R202m (£115m), equal to earnings of 90.2 cents per share. This exceeds the total of R195m for the previous period of 18 months.

investment income. Both should earn more in the current year with gold holding to overtake diamonds. The third major investment income source, industrial interests, is also likely to do better. At the London price of 447p the shares yield just under 6 per cent, a reasonable return for a high calibre investment, allowing for its heavy involvement in Africa.

that exploitation will need substantial capital expenditure, writes our Johannesburg correspondent. Development of the new areas is expected to take 18 months, so there will be no benefit for the shareholders until 1981. The payable ore was found in an abandoned shaft area.

Brinco moves on Labrador uranium

BRINCO, a cash-rich Canadian minerals development company in the Rio Tinto-Zinc group, has brought the possibility of exploitation of the Kitis-Michelin uranium deposit in Labrador stage further by the submission to the provincial government of an environmental impact statement.

Output rising at ERGO

PRODUCTION of gold, uranium and sulphuric acid at South Africa's East Rand Gold and Uranium (ERGO) climbed in March and April. Providing the gold market remains firm, the company expects to pay shareholders a dividend of at least 50 cents (28.4p) in the year to next March, double the 1978-79 payment.

The submission was made against the background of marketing and financing discussions with a major utility for project development which, a Brinco statement said yesterday, "are proceeding favourably." This progress has encouraged Brinco to resume drilling at sites in the concession area near what have hitherto been considered the main deposits.

ERGO, a unit of Anglo American Corporation of South Africa, extracts the materials from waste dumps around Johannesburg, but in its first year of operation failed to bring production up to planned capacity. Gold and acid output "is not yet up to expectation," says Mr. Harry Oppenheimer, the chairman, in his annual statement, published today.

NEW LIFE FOR S. ROODEPOORT

South Roodepoort Main Reef Areas, the ageing South African gold mine now owned by Golden Dumps, has found new ore reserves which will extend its life by at least five years.

What the company classifies in the annual report as "teething problems" in its first year included a succession of engineering problems relating to equipment and design failures, an under-estimate of the number of people needed to run the plant, high absenteeism and an unstable labour force.

UK COMPANY NEWS

Brent Walker makes 83% leap

PROFITS BEFORE tax of Brent Walker, the leisure group, jumped by some 83 per cent from a restated £355,300 to £651,655 for 1978, on turnover up by 30.3 per cent to £8.96m. Comparative profits have been restated on a change of accounting policy for depreciation for freehold and long leasehold property.

profits rise for 1978. The results would have been even better if the company had decided to include a three-month contribution from the new Cairo hotel, but this is being carried over to the current year. BW is reluctant to give a divisional breakdown at this stage but growth has apparently been evenly spread throughout all the divisions. These latest figures include first time profits from the abutting precinct in Oxford Street as well as from the film, The Stud, which BW financed. All activities look set to make another healthy contribution to group profits in the current year—a sentiment which is reflected in the historic p/e of 13.4 at 87p. The shares yield 2.4 per cent.

ment and housebuilding concern, are aiming to discharge the arrears of preference dividends and arrive at a position where they can recommend payment of a dividend to ordinary holders. Writing to shareholders advising them to reject the proposals of Mr. J. M. Penhether, Mr. A. A. P. Southall, the chairman, adds that the company has now repaid all its past indebtedness of £7m. Mr. Penhether, who with associates controls 26.4 per cent of the Five Oaks equity, is seeking to replace three of the present directors, Mr. Southall, Mr. K. Richardson, the managing director, and Mr. B. L. Lilley, with three other directors including the chairman of Midland Industries Mr. Eddie Marsland. The proposals will be put to an EGM on June 15. Mr. Southall reports that Five Oaks is poised to increase profits from its property investment portfolio and in the private residential sector.

Optimism at Five Oaks

The directors of Five Oaks Investments, the property investment company, are optimistic about the company's prospects for 1979.

comment

Brent Walker's restated figures show an impressive 83 per cent increase in profits.

Culter Guard Bridge Holdings Ltd. Preliminary Results for the Year ended 31st March, 1979. Turnover 22,412, Profit before tax 787, Profit after tax 358, Dividend per share (net) 1.5p, Earnings per share 4.79p. \* Turnover up 12%, \* Profits up 55%, \* Exports up 58%.

The Guthrie Corporation

Mr. Mark Gent OBE reports record results

Table with 3 columns: Preliminary results for year to 31 December 1978, 1978, 1977. Rows include Operating Profit (South East Asia, North America, Europe, Australia, Africa and Middle East), Interest, Profit before taxation, Earnings per ordinary share, and Assets attributable to ordinary shareholders.

recovery and extraordinary items, in 1978 there was a profit before tax of \$55.6 million. The improvement took place in all the significant operations, both in Malaysia and in Singapore. Since the end of the year, the 50% share held by Guthrie Berhad in the shipping and travel group, Guthrie Boustead, has been sold to our previous partners.

Europe

Throughout the year, the carpet operations were seriously disrupted by the installation of new machinery and the last stages of the move from the old Templeton Street premises. These operations, comprising Templeton, Kingsmead and Woodward Grosvenor, have some of the most up-to-date production units in the world and the debilitating effects of substantial losses should now be behind us.

North America

The acquisition of the public minority shareholdings in Industrial Corporation in October 1978 has enabled some rationalisation of management structure in North America. Guthrie North America controls Ajax Magnethermic Corporation and the Ohio-based Water Refining companies. Guthrie Canadian Investments comprises the Canadian subsidiaries of the former Industrial Corporation.

Ajax Magnethermic

The crippling strike at the Warren, Ohio, factory of Ajax, which lasted from mid-May to end-September, seriously affected the year's results. In the circumstances, the company's management showed remarkable resilience and, in the final quarter, recovered a lot of the lost ground.

Guthrie Canadian Investments

At Butler Stampings, the failure of new presses to perform to specification placed considerable strain on capacity, resulting in a lower level of profit than in 1977. The other subsidiaries had a satisfactory year, with Butler Plastics and Trench Electric returning very good results.

Australia

As noted in the Interim Report, substantial rationalisation followed the sale of the Corporation's stake in Sanyo-Guthrie. A number of small subsidiaries were sold or closed and the remaining operations in Australia are principally in textiles.

Africa & Middle East

In accordance with the provisions of the Nigerian Enterprises Promotion Decree, the sale of a further 20% of the equity of Guthrie (Nigeria) has been completed and the company is now an associate. Trading conditions were poor throughout the year and this was reflected in the results.

United Arab Emirates

Guthrie Galadari, a joint trading partnership between the Corporation and A. R. E. Galadari & Brothers, began trading in November 1978. The company, based in Dubai, has been established to provide a modern distribution network throughout the Gulf for a wide range of consumer goods.

Future Prospects

Future prospects—both for the current year and for the longer term—have been fully ventilated in the last few months. Additional copies of 'The Future of Guthrie', summarising the perspective for the Corporation in the 1980s, are available for shareholders who may wish to have them.

This is the first Chairman's Statement which I have had the privilege of addressing to you. It is written in the wake of the unsuccessful bid for control of the Corporation by Sime Darby Holdings Limited. It is also written with considerable sorrow, since it should have been the final statement from Sir Eric Griffith-Jones KBE CMG who became Chairman on the formation of The Guthrie Corporation Limited by Scheme of Arrangement in June 1965, and who died on 13 February 1979. Sir Eric, who was the architect of the Corporation and under whose leadership it has become a major international organisation, was due to retire at the forthcoming Annual General Meeting.

Directors: I have to record with regret the death of another colleague, John Ratcliff, the Chief Executive of Guthrie Industries Europe, who died on 21 September 1978, after a long illness. Bernard Lewis, Chief Executive of Kumpulan Guthrie Sdn Bhd, was appointed to the Board of the Corporation on 28 March 1979. It is a fitting reward for his leadership in recent years. John A. Logan, Chief Executive of Ajax Magnethermic Corporation, was also appointed to the Board on 28 March 1979. His appointment reflects the importance which we attach to North America for future growth.

Results for 1978: Once again, profit before tax was at a record level in 1978, improving to £20.9 million from the previous highest profit, returned in 1977, of £19.6 million. This compares with the estimate of £20.3 million made in February 1979. Earnings per share after allowing for unrelieved Advance Corporation Tax (ACT), which includes an underprovision of £543,000 in respect of 1977, are 31.0p per share.

Dividend: An interim dividend of 6p per share was paid on 4 April 1979. The final dividend recommended for 1978 is 15p per share, making a total for the year of 21p per share. This compares with 15p in 1977 and 10p in 1976.

Taxation: The overall taxation charge includes unrelieved ACT of the higher recommended dividend.

Inflation Accounting: The Board continues to take the view that presentation of inflation-adjusted accounts at this time would be unproductive. Hopefully, the accounting profession is now moving towards agreement on this subject. Once the uncertainties are removed, inflation-adjusted accounts will be published.

Sime Darby: Since the end of 1978, an attempt by Sime Darby Holdings Limited to buy control of the Corporation failed. Sime Darby remains as a major shareholder with nearly 30% of the equity. Shareholders will already have received more than enough information on this subject and should know only that the expense of preserving their interests has been heavy both in cost and in management time.

Your Board's advice that the Sime bid of 523.75p substantially undervalued the intrinsic worth of the Corporation's shares has been amply justified by subsequent events. Since the bid lapsed, and in market conditions during which the FT Index has fallen, the Guthrie share price has reached 600p. The Sime situation gives me an unusual opportunity to pay tribute to the key advisers to the Corporation. Our merchant bankers, Baring Brothers & Co. Ltd.,

our solicitors, Slaughter and May, and the auditors round the world, led by Deloitte Haskins & Sells, all played their full part in enabling the Board to mount its successful defence.

Staff: While the record level of profit before taxation speaks for itself, I know that you would wish me to extend our grateful thanks to every member of the staff. Since the end of the year, they have been subjected to persistent rumour and uncertainty. In their turn, they are grateful to those shareholders who supported the Board and the staff, rejected Sime Darby's advances and maintained the independence of the Corporation. Morale is high and the determination to succeed has never been greater.

South East Asia: In spite of the poor oil palm crop in the first half of 1978 as a result of adverse weather conditions, an improvement in the second half—alloyed to satisfactory prices—resulted in a virtually unchanged level of operating profit from the plantation interests. The commodity-dealing companies in the UK (Wm. Symington) and in the USA (Guthrie Industries Inc.) continued to make a satisfactory contribution to results.

The Corporation has for many years been committed to a policy of increasing local participation in the equity of its Malaysian businesses, in particular by Malay (Bumiputera) institutional and private investors. Following the reconstruction of the plantation companies in 1977, so that they became locally incorporated, agreement was reached with the Malaysian authorities for a merger between Guthrie Ropel, quoted on the Kuala Lumpur Stock Exchange, and one of the Corporation's wholly-owned plantation subsidiaries, Kumpulan Temiang. The merger was completed on 29 December 1978. Guthrie Ropel now owns 59,000 planted acres of rubber and oil palm, slightly less than one-third of the total planted acreage of the Guthrie group in Malaysia. It is our intention that the remaining two-thirds will be transferred to the ownership of Guthrie Ropel progressively within the next ten years. Guthrie Ropel will then own the Corporation's entire plantation business in Malaysia, with a substantial part of its equity held by local investors. In January 1979, following the merger, 10 million of the newly-issued Guthrie Ropel shares were offered for sale to the Malaysian public; this issue was well received and over-subscribed. As a result, local investors continue to own 40% of Guthrie Ropel, in accordance with the agreement reached with the Malaysian Government. The Corporation has fully conformed both with the spirit and with the letter of the Malaysian Government's New Economic Policy and it is regrettable that this was used by Sime Darby to attempt to undermine the real value of the plantation assets. As you will know from defence circulars, the Corporation commissioned C. H. Williams, Talhar & Wong Sdn, a leading Kuala Lumpur valuer, to provide an up-dated open market valuation of the plantation land and buildings. We are satisfied that this new valuation is realistic and it has been incorporated in the Consolidated Balance Sheet at 31 December 1978. Guthrie Berhad: The groundwork of Mr. R. F. Jenkins in rehabilitating Guthrie Berhad was continued during 1978 by his successor, Sir Anthony Hayward. Considerable improvements have resulted. Whereas in 1977 Guthrie Berhad lost \$55.9 million before tax

Anglovaal Group. Declaration of ordinary and participating preference dividends year ending 30 June 1979—Investment companies. Dividends have been declared payable to holders of ordinary and participating preference shares registered in the books of the undermentioned companies at the close of business on 29 June 1979. The dividends are declared in the currency of the Republic of South Africa. Payments from London will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 2 July 1979, or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about 1 August 1979. The transfer books and registers of members of the companies will be closed from 30 June to 6 July 1979, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

Warren Plantation Holdings Limited. Dividend increased by 12.5% to 8.25p per share. Major U.K. diversification achieved with acquisition of Joseph Mason Paint Group. Due to diversification policy major reduction in tax charge. Indian Rupee Scheme successfully implemented with recommencement of past profits remittance. Summary of group results (£'000s) to 31 December: 1978, 1977, 1976. Turnover 22,689, Profit before taxation 5,800, Profit after taxation 2,821, Earnings per share 30.92p, Dividend per share 8.25p, Return on capital employed 30.52%.

INTERNATIONAL COMPANIES and FINANCE

Slow start seen for New York insurance market

NEW YORK—Establishment of the New York Insurance Exchange will make it easier for U.S. brokers to write reinsurance policies here...

THE EDPER INVESTMENTS-BRASCAN STORY

How one family helped another

BY ROBERT GIBBENS IN MONTREAL

THE BRONFMAN FAMILY, descendants of Samuel Bronfman, founder and chairman of Seagram, the world's largest distilling empire...

Great West Life was held. They were defeated, and retreated to the background. Great West Life went into the Power Corporation of Canada camp...

back into the market and bid for more. The Bronfmans changed their minds and bid what Mr. Patino suggested, buying a further 3m Brascan shares...

Sambo's Restaurants loss

THE CALIFORNIAN-based restaurant chain, Sambo's Restaurants has turned into loss in the first quarter of this year...

Revised offer puts \$135m tag on Financial General

WASHINGTON—Financial General Bankshares has received an increased tender offer from Credit and Commerce America Investment BV...

Bid for Bunker Ramo off

GERMANTOWN—Fairchild Industries has dropped its bid to purchase additional shares of Bunker Ramo Corporation...

Widespread gains in Eurobonds

THE STEADY rise in prices since the beginning of the week in the New York bond market spilled over into the Eurobond market yesterday...

Credit Suisse advertisement featuring U.S. \$100,000,000 Credit Suisse (Bahamas) Limited and a list of international branches.

FT INTERNATIONAL BOND SERVICE

Table listing international bond issues with columns for country, issue name, amount, and price/yield.

Handwritten signature 'Jelly' at the bottom of the page.

INTERNATIONAL COMPANIES and FINANCE

Companies and Markets

BEST GERMAN ENERGY INDUSTRY

Veba doubles its earnings

By Guy Hawtin in Frankfurt

THIS YEAR'S oil price rises have greatly contributed to the doubling of Veba's first quarter earnings. The group, West Germany's largest energy group, reported that higher costs of crude had been matched by increased earnings from oil products.

operations were unsatisfactory, said the report. Pre-tax profits for the quarter amounted to DM 378m compared with DM 214m. External turnover during the quarter rose by 11.4 per cent from DM 7.22bn to DM 8.05bn (\$4.21bn).

stream in spring, 1978—amounted to 200,000 tonnes of crude, while natural gas output increased sharply. Throughput in the groups refining operation increased by 7.6 per cent from 3.6m tonnes to 3.87m tonnes and refining capacity was virtually fully utilised.

Herstal sees sharp upturn

By Our Financial Staff

SHARPLY INCREASED profits may be achieved by Fabrique Nationale Herstal this year if the Belgian arms-to-aero engines group can reach its sales targets, managing director Mr. Michel Vandestrick told a Press conference yesterday.

Setback for Royal Dutch Airlines

By Charles Batchelor in Amsterdam

THE WEAKNESS of the dollar and linked currencies and tough fare competition led to a sharp fall in the profits of KLM Royal Dutch Airlines last year. The severe winter in much of Europe and the unrest in Iran also contributed to the setback.

Sharp upturn at Saab

By Our Financial Staff

SAAB-SCANIA, the Swedish automotive and aircraft group, more than doubled its profits in the first four months of the year, having already forecast continued sales and earnings growth during 1979.

Group income before appropriations and tax totalled SKr 236m compared with SKr 102m in the same period of last year. During the whole of 1978, Saab-Scania's taxable profits soared by 57 per cent to SKr 530m, and the company commented in its annual report that the doubling of cost rises and the 1977 devaluations of the Swedish krona had strengthened its competitive position internationally.

Montedison financial sale near

By Rupert Cornwell in Rome

NEGOTIATIONS are at an advanced stage for the sale of the holding company embracing the financial interests of the Montedison chemical concern, to the Milanese financial and investment interests of the Bonomi family, so far, according to Montedison officials, the deal has not been signed.

The sale of Finigest was first mooted two years ago by the outgoing chairman of the Milan chemical concern, Sig. Eugenio Cefis, as part of the continuing Montedison recovery strategy of concentrating on its purely chemical interests.

owned, to Istituto Bancario San Paolo di Torino. The acquisition of Finigest by the Bonomi family, through their financial company Invest, would mark a further step in the latter's expansion, by adding the Montedison subsidiary's substantial insurance and other interests to its industrial, financial and property holdings.

Dassault-Breguet profits increase but orders fall

By David White in Paris

FRENCH aircraft builder Marcel Dassault-Breguet Aviation, said that its main business "remains competitive" on the international market against the American manufacturers' after increased profits last year but seeing level of orders fall.

The company raised its dividend for last year to a net FFr 22 a share from FFr 21. The French state recently took up a 21 per cent shareholding, which qualifies for double voting rights after two years.

Norwegian metals group advances

By Fay Gjester in Oslo

THE NORWEGIAN group, Elkem-Spiergverket, whose activities span mining, engineering, metal smelting and manufacturing, reports turnover totalling Nkr 1,076m (\$207m) for the first four months of 1979, compared with Nkr 920m.

The higher figures were achieved despite lower earnings by companies in the group producing mainly for the home market. These companies continue to be affected by the price freeze and other economic restrictions in Norway, and some of them made a loss in the four months.

Decline at Spanish bank

By David Gardner in Madrid

NCA CATALANA and the ICA Industrial de Catalunya, two main components of the Spanish province of Catalonia's best banking group, report a profit for 1978 of 1.28bn (\$19.4m), a slight dip on the 1977 figure of 1.39bn.

Spain's tight monetary policy is one reason why the group's profits have dipped slightly. While banks less committed to industry were lending on the interbank market at lucrative rates, for example, the Catalana group was having to borrow.

Axel Johnson unit moves into the red

By Victor Kayfetz in Stockholm

SWEDEN'S A. Johnson and Company H.A.B., the main trading concern within the Axel Johnson group—the country's largest privately-owned business after Volvo—reported a 1978 pre-tax loss of SKr 5.8m (\$1.3m) compared with a profit of SKr 3.8m the previous year, but predicted "considerably better" earnings for 1979.

Sales by the company and its subsidiaries in some 30 countries dropped by nearly 4 per cent to SKr 2,960m (\$675m). Profits in international trading involving all ores, metals and chemicals were satisfactory, but the subsidiary Irano Swedish Company showed losses and a sharp drop in business during the political crisis in Iran.

The annual meeting will be asked to approve an increase in share capital of SKr 5m to SKr 20m through a new issue of shares. The company has opened new offices in Singapore, South Korea and Mexico to improve its market position in these and nearby areas.

"Jardines face the future with a stronger structure, operationally and financially"

Extracts from the 1978 Statement to Stockholders by Mr D.K. Newbigging, Chairman and Senior Managing Director, Jardine, Matheson & Co., Ltd. The Annual General Meeting was held on 7th June, 1979.

1978: A satisfactory year for the Group

For the year ended 31st December, 1978, Jardines' consolidated net earnings after tax and minority interests, but before extraordinary items, were HK\$336 million, 7.0% more than the 1977 earnings of HK\$314 million. Earnings per stock unit were HK\$1.59 compared with HK\$1.51 in the previous year, an increase of 5.3%.

Several major problem areas in the Group were eliminated which resulted in losses on termination or sale of HK\$77 million, primarily related to light industrial operations in Hong Kong for which additional provisions against trading losses were also made in the operating accounts.

Table with 4 columns: 1977, 1978, 1978, and 1978. Rows include Earnings after tax, Earnings per stock unit, Dividends per stock unit, Stockholders' funds, and Stockholders' funds per stock unit.

1978 produced extraordinary profits well in excess of those we had anticipated, principally from sales of properties not held for trading purposes. During the year we conducted an in-depth review of a number of our investments in associated companies.

A number of specific operating problems resolved

A year ago I reported disappointing results from three publicly quoted subsidiaries: Jardine Industries Ltd in Hong Kong, Jardine Davies Inc. in the Philippines and Rennie Consolidated Holdings Ltd in Southern Africa.

In the case of Jardine Industries Ltd, we acquired the minority shareholdings in August 1978, to facilitate restructuring or elimination of loss-making divisions. Certain of the assets of the Concept 2000 group (including trade-names and trade-marks) were sold, and the Group's shareholdings in three related companies were also sold.

Jardine Davies Inc. reported a net profit after tax and minorities of HK\$4.7 million, compared with HK\$0.5 million in 1977. We anticipate that the progress achieved in 1978 will continue in 1979, but no dramatic increase in earnings can be expected whilst the sugar price remains at its present level.

The improving trend in Rennie Consolidated Holdings Ltd continued throughout 1978, resulting in an increase of 62% in net profit. Rennie is anticipating another good year in 1979.

In the Middle East, we increased our equity in Transporting and Trading Company Inc. (TTI) from 25% to 40% and further payments totalling US\$35 million were made in accordance with the acquisition agreement, bringing our total investment to US\$80 million.

diversification into activities which are expected to produce higher earnings for this associate in the future.

The Group's trading activities generally performed well, particularly in Japan, and in Hong Kong.

All sectors of our transportation interests were successful in 1978. In Hong Kong, increased air traffic and the introduction of passenger charter flights to Guangzhou (Canton) contributed to the Airways group's increased profits.

Our Shipping Agency business made a good contribution to 1978 profits. In ship owning we were sufficiently encouraged by prospects generally to increase our fleet by two ships to nineteen, with a further three ships to be delivered in 1979.

Insurance, both broking and underwriting, is an industry which accounts for a relatively high proportion of our new capital investment. This is fully justified by the returns the Group is receiving.

Jardine Fleming & Company Ltd, our merchant banking associate, had an excellent year, and active stock markets throughout the region resulted in higher earnings from many of our financial services operations.

The Group was active in property development and trading in 1978. In Hong Kong, new investments were made in three joint-venture developments in the New Territories.

In other regions where the Group operates, conditions in property markets were generally better. In Hawaii, the Group sold the Davies Pacific Center at a useful profit and is participating in a large residential development which was successfully pre-sold prior to construction.

Apart from our property interests in the New Territories of Hong Kong, we have opened two offices there. With the rapid development of New Towns and their accompanying infrastructure in the New Territories these offices, which market the full range of Jardines' activities, are already doing well.

China's relations with Britain and Hong Kong remain excellent and China's new Four Modernizations policy, with its accompanying expansion in trade, augurs well for Hong Kong and for the Group's China Trading Division.

1978 was a year in which we resolved a number of specific operating problems, and now with these behind us, we face the future with a stronger structure, both operationally and financially.

With an improvement in earnings growth rate, together with earnings and dividends per stock unit once again increased, 1978 can be considered a satisfactory year for the Group.

Jardines will continue to grow and expand in 1979

Looking to 1979, an area for some concern is the future trend of the Hong Kong economy. In 1978 its performance was mixed. Since the year-end, the Hong Kong Government has announced a number of adjustments which, although not drastic, should be effective.

Notwithstanding these uncertainties and the high level of interest rates world-wide, Jardines will continue to grow and expand in 1979.

D.K. Newbigging Chairman Hong Kong, 3rd April, 1979 Currency converted from HK\$ at middle market closing rates at year-end.

The Annual Report is available from the Company Secretary.



Jardine, Matheson & Co., Ltd, Connaught Centre, Hong Kong

THE SANWA BANK, LIMITED SINGAPORE BRANCH U.S. \$20,000,000 NEGOTIABLE FLOATING RATE U.S. DOLLAR CERTIFICATES OF DEPOSIT DUE JUNE, 1981



# SEC's simpler rules for small companies

BY JOHN MAKINSON

THOSE WHO consider that the needs of small businesses are not being met by the current rules of the Securities and Exchange Commission (SEC) will be pleased to hear that the Commission has announced a series of reforms recently undertaken by the SEC, the statutory body responsible for regulating the securities industry, which is actively moving towards a tiered disclosure structure for companies, with one rule for big and another for the small. Critics of the regulatory body might maintain that simplifying procedures are long overdue, given that the SEC recently has 18 forms available offering registrations alone, not all of these are in use. The latest innovation, however, the S-18—will cut through the red-tape associated with a registration. Until now small concerns have been obliged to use the cumbersome form, which is both costly and complex. Using S-18, rather than amendments to annual 10-K report forms, companies will be able to up to \$5m in equity securities cheaply and quickly encourage venture capital selling up to \$1.5m of the issuer's existing stock. The paucity of venture capital for small industry is a major concern of the SEC's strategy. There is a sharp evangelical note to its concern. The SEC's president, Mr. Harold M. Williams, said in a recent speech that "small businesses provide individuals with the opportunity to share in the American dream."

Arithmetic alone is enough to defuse the SEC's anxiety. Small and medium-sized U.S. companies raised slightly over \$1m in initial public offerings last year, an improvement on 1977 but a fraction of the 1972 record of \$1.7bn. Much of this can be accounted for by small factors—stock market performance, taxation and the emphasis on large companies by increasingly concentrated brokerage industry. Nonetheless, the SEC believes, aside from the cost factor, a major hurdle is that information provided by registering companies has until now been complex for all but professional analysts. Together with its small business measures, the U.S. regulating

body is encouraging all companies to provide more comprehensive, and comprehensible, information in its annual report and Press releases. The recent battery of SEC reforms owes its origins to studies on corporate disclosures made in 1969 and 1977, which singled out the small business as a particularly difficult area. Since then, SEC rule 144 and regulation "A" have been amended to boost the amount of securities which can be sold within one year under its simplified procedure from \$500,000 to \$1.5m. Corresponding adjustments have been made to rule 144, relaxing legislation on the resale of securities by newer public companies. The effect of these moves is still unclear, though the SEC is optimistic. A fortnight ago the first application was filed under S-18, which the SEC believes is fast work given the tortoise-like fashion in which company lawyers generally move. More reforms of corporate disclosure are likely, with recommendations on changing the 10-K form expected by early summer. In the meantime, the SEC has set up an Office of Small Business Policy to develop new ideas, monitor existing regulation and liaise with other groups and agencies, including Congress. The SEC is under few illusions about revolutionising capital formation overnight. Its public affairs director, Mr. Andrew Rothman, says: "We believe that security laws are relatively insignificant in solving the problem." The U.S. measures may still have lessons for other regulating bodies, many of which are confronted with similar problems in their own countries. No European country has adopted a policy of setting up separate procedures for smaller

companies, but then in no country is disclosure such a complex and expensive business as in the U.S. Furthermore, the fall in public offerings by the small and medium-sized concerns has not generally been as severe as in North America. Comparison between the U.S. and Europe is also complicated by the wide divergence in the mechanics of raising capital. Taking the UK aside, European bourses are modest affairs, trading a limited number of stocks on narrow turnover. The capitalisation of European companies is generally much narrower than in the U.S., meaning that they depend heavily on support from the banks and accommodate high gearing. This situation is unlikely to change overnight but there are signs that more European companies are now registering shares. In West Germany, for example, the Corporation Tax reform which became effective in 1977 gave the investor a tax credit on dividends, encouraging smaller companies to go public. In April the Hamburg company Drägerwerk, with annual turnover of around DM 300m (£75m), boosted its capital from DM 45m (£11.3m) to DM 95m (£23.9m) and obtained listings on German bourses—a move which would have been less attractive a few years ago. Yet measures such as those taken in the U.S. and Germany can often be defeated by the attitudes of small companies themselves, which prefer to pay high interest rates on loans to the possibility of losing control to institutions with substantial share holdings. At the same time, the growth of the institutional role in the markets, together with tax discrimination, means that the private investor, the traditional provider of venture capital, is being squeezed out. Smaller companies may be cautious, but in the UK especially there is a chance that more of them might seek listings if they were not burdened with the same reporting requirements as ICI. The growth of over-the-counter stock trading, coupled with increasing use of Stock Exchange rule 145(1), is attributable in part to the cost and complexity of disclosure. So if the Stock Exchange wishes to avoid fragmentation of the market place it might do well to look carefully at the SEC's example.

This announcement is neither an offer to sell nor a solicitation of an offer to buy these securities. The offer is made only by the Prospectus.

\$250,000,000



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The First Boston Corporation

Merrill Lynch White Weld Capital Markets Group  
Merrill Lynch, Pierce, Fenner & Smith Incorporated

Salomon Brothers

Bache Halsey Stuart Shields  
Incorporated

Bear, Stearns & Co.

Blyth Eastman Dillon & Co.  
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June 6, 1979



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# FINANCIAL TIMES REPORT

Friday June 8 1979

## Credit Management

Credit is so much a part of everyday business life that most people give little thought to its significance in terms of cash flow and financial well-being. But as this survey shows, in to-day's world of high interest rates there is much to be said for closer supervision.

**HIGH INTEREST** rates. Government efforts to limit banking and hence control the money supply, plus the UK's recent poor economic experience, have all combined to make credit management an increasingly high priority for most companies.

While it can mean the difference between healthy cash flow and mounting debt the concept of credit management is not always properly recognised at yard level, where it is often seen in the wider context of financial controls.

In essence credit management is the art of transforming a company's sales as quickly as possible into cash or liquidity. It, some might say, is a very straightforward exercise and one which should take care of itself in a successful business. The hard work of advertising, promotion, marketing and curbing the sales has been accomplished.

Not so, say increasing numbers of the converted. For too long, they argue, British industry has been like a high-class tailor who is too polite to press his wealthy clients to settle their bills. Many companies, in other words, have been and still are complacent about chasing up debtors with the result that cash flows are rapidly seriously interrupted if balance sheets needlessly maged.

In many companies, furthermore, debtors can amount to much as a third of all assets in the balance sheet. But a period of low interest rates and rapid economic progress is relatively little incen-

tive of course to speed their conversion into hard cash at the bank.

Overdrafts, however, have on average become more expensive in each decade since the war and with rates now comfortably in double figures and likely to stay there, a big group could well incur thousands of pounds in additional interest charges for each day customers delay payment of their debts.

The basic problem which faces many companies in the UK is that credit terms play an increasingly important part in sales success. Quality and price are not always the only factors which persuade somebody to buy; very often the way the transaction will be financed constitutes the biggest difficulty and clearly any help in this direction can be an extremely useful sales tool.

**Risk**

Sales departments of big companies have therefore been anxious, where necessary, to give their customers credit concessions, very often without thinking about the risk, the interest cost to the employer, and the resulting temporary loss of income. In effect the vendor is assuming the role of a bank, a function for which manufacturers of brass tacks or garden gnomes are not always suited.

Credit management in many companies is therefore not always everything it should be, a reflection some say of the relatively low priority it is given in the UK. A credit manager, for instance, is seldom

directly responsible to the directors and in some cases might only be an unqualified and therefore underpaid sales clerk, in effect the poor relation of other management grades. Too little attention it seems, is paid to the likely benefits of good credit management.

The difference, for example, between the UK and the U.S. where observers say credit

The Institute of Credit Management exemplifies the changes in attitude which have taken place recently in the UK. Founded in 1939 as the Institute of Credit Men, it remained largely insignificant for many years, hamstrung by shortage of finance and lack of widespread support.

Three years ago, according to Pat Granville White, the vice-

president, recruitment rates. Activities include regular seminars and lectures, while new members are required to sit professional exams; success confers a qualification accepted and sometimes required by an increasing number of companies. The Institute also claims, as a well informed and widely representative body, to be sought after by the Govern-

ment on matters relating to trade and industry. Credit managers use a variety of instruments to control debtors, while a number of outside agencies are also at their disposal. For instance, one way of keeping debtors in check is to find out beforehand if a potential customer is likely to be in a position to pay. For this purpose, the credit report, essentially the profile of a company's creditworthiness, can be extremely useful. Credit reports, or status reports as they are known in the trade, are

usually provided by specialist companies, usually as a subsidiary service to debt collection.

While UK status reports are relatively cheap to buy the information which they contain is generally limited. Often the report consists of no more than a copy of the particular company's file at Companies House, a bank reference and any had

tage compared with his UK counterpart. Those closely involved with credit reporting complain that lack of information is not the only reason for lower standards in the UK. Whereas Continental and U.S. status reports can cost around £40 or £50 each clients in Britain are worried if they have to pay more than £10.

Once a company has satisfied itself that its customer is reliable, the next step is to fix the credit terms, or the number of days which the buyer is allowed to pay for the goods received. In the UK most companies expect their customers to pay at the end of the month, although purchasers tend to interpret this as meaning the end of the month following either delivery or invoicing.

A number of big companies, notably Shell and ICI, have recently brought their settlement date forward, a move which reflects an increasing awareness of the importance of credit management. Although such a policy is likely to squeeze small customers used to a few days' grace, this new urgency is also likely to attack the complacency with which many businesses treat their creditors.

Cash discounts for prompt payment and interest charges on overdue accounts are not so common in the UK as they are in the U.S. Cash discounts have probably been more popular in the past than they are now but seven day and one month discounts are still not unusual. One month discounts are clearly an admission that companies do not expect their customers to pay when asked. Meanwhile, interest penalty

clauses, although by no means widespread, are increasingly being used as a means of discouraging overdue debts. It is not, of course, sufficient just to do some homework on status reports and then fix up a payment date with the customer. Granting credit is risky and costly for a company and as far as possible these risks and costs should be offset. Credit insurance, bank guarantees or even bank or trade bills can be arranged or the services of a factor employed. In this case a specialist factoring company assumes responsibility for running the sales ledger and chasing up overdue accounts. A financial service will probably also be provided. Another solution is to assign bad debts to a specialist debt collection agency or pursue them through the courts.

**Alerted**

Many companies in the UK have grown to regard credit facilities as a right, not a privilege. The current credit environment cannot be described as tight in the same way as it was at the end of the 1960s. But now that high interest rates have alerted companies to the importance of sound credit management credit terms will no longer come cheap. Attitudes in the UK have admittedly been conditioned by decades of easy credit and while there is also a strong reluctance on this side of the Atlantic to pry into other people's affairs, the more professional approach to credit management is also likely to lead to the disclosure of more credit information.

## Good case for greater priority

By Tim Dickson

managers tend to be treated more seriously—can be illustrated by the average time it is estimated to take for companies to collect their debts. According to one expert it was taking about 65 days in 1976/77 for a typical quoted company to collect a trade credit account. U.S. figures, on the other hand, suggest that the average collection period for manufacturing industry at this time was nearer 40 days. Averages, of course, have to be treated carefully because experience in different sectors is so variable.

chairman, the Institute really began to take off. "The Government's policy of screwing down overdrafts to squeeze credit has been one factor. But the most important change has probably been the sharp rise in interest rates. If you can persuade a customer always to pay a day earlier in future, it can make a big difference to the cost of running an overdraft," he says.

In the last three years the Institute has grown rapidly so that today roughly 60 new members sign up each month, an enormous improvement on pre-

ment on matters relating to trade and industry. Credit managers use a variety of instruments to control debtors, while a number of outside agencies are also at their disposal. For instance, one way of keeping debtors in check is to find out beforehand if a potential customer is likely to be in a position to pay. For this purpose, the credit report, essentially the profile of a company's creditworthiness, can be extremely useful. Credit reports, or status reports as they are known in the trade, are

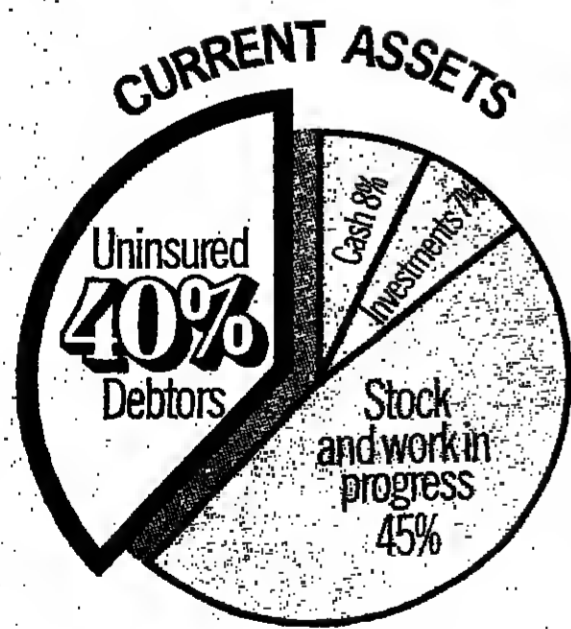
experiences of other clients to whom a status report on the same company has been supplied. In some Continental countries where tax returns are published status reports provide a much fuller picture, while in the U.S. most banks will apparently provide a trade customer's approximate current account balance, together with an idea of how that account moves throughout the month and any current or future borrowing commitments.

As a result the seller of goods stands at a considerable advan-

agement on matters relating to trade and industry. Credit managers use a variety of instruments to control debtors, while a number of outside agencies are also at their disposal. For instance, one way of keeping debtors in check is to find out beforehand if a potential customer is likely to be in a position to pay. For this purpose, the credit report, essentially the profile of a company's creditworthiness, can be extremely useful. Credit reports, or status reports as they are known in the trade, are

# Trade Credit—the great uncovered.

**"The ultimate role of management is to maximise return on capital employed."**



**The scope of the challenge**

Effective general management is impossible without effective financial management. Effective financial management is impossible without effective credit management.

Official statistics mark out the area. Trade Debtors now account for 25% of all assets—Fixed and Current combined—and 40% of current assets.

The more this pressure continues, the more damaging an unexpected loss will be. It will also be more likely to occur. Nowadays, the amount on credit risk is twice what it was three years ago.

As technology advances, the need for financial discipline and for effective financial planning can only increase.

For all these reasons, and for many others, Credit Insurance is becoming a standard business practice.

It is entirely to the benefit of business that this process should continue.

Trade Indemnity Company Limited fully supports the aim of the Institute of Credit Management to improve credit management in British Industry.

These are the assets that credit insurance, and only credit insurance, is designed to cover:

Credit insurance should be considered in every company's insurance portfolio.

**The sign of the times**

It is almost a cliché that, in this day and age, capital has to be more efficiently employed. The pressure in this direction increases as the demand to maximise the return on capital becomes more insistent.

**Trade Indemnity Credit Insurance**  
takes the risk out of credit







WORLD STOCK MARKETS

Companies and Markets

Fresh early Wall St. rise in very active trade

Closing prices and market reports were not available for this edition.

INVESTMENT DOLLAR PREMIUM

Effective \$2.0655-231% (32.1%) NEWS THAT U.S. wholesale prices rose just 0.4 per cent in May after gains of 0.9 per cent in April and 1 per cent in March.

The Dow Jones Industrial Average after further improving in \$40.08 at 11.00 am was modestly higher at 826.77 at 1 pm.

The NYSE All Common Index was still a noteworthy 29 cents up at 857.52 after reaching 857.61, however, while gains retained a lead over falling issues by nearly a three-point margin.

The market was also benefiting from hopes that interest rates may be about to peak.

Tokyo

After extending Wednesday's strong rally, the market partially retraced on late profit-taking, although gains on the First Market section still outlasted declines at the close by 355 to 261.

The Nikkei-Dow Jones Average, after retrieving 51.69 on Wednesday, managed a slight net gain of 10.81 at 1,186.26, while the Tokyo SE index put out 0.6 per cent.

Export-oriented Electricals, Vehicles and some other Blue Chips met good early support from Investment Trusts, but a number later declined to finish lower on the day.

Non-Ferrous Metals rose widely in the morning on the discovery of a copper, zinc and lead ore deposit in North Japan, but profit-taking later mainly lowered on balance, with Dowu Mining off Y2 at Y324 and

Nippon Mining Y3 easier at Y255

Shipping Lines opened firmer, but closed on a mixed note. Oils continued to react on liquidations and after recent strength, but Coals and Petrochemicals were higher.

Paris

Shares continued to recover over a broad front, with Institutul de Constructii also prominent. Trading became active with the Bourse Industrielle index rising 1.4 more to 78.6.

Brokers remarked that the market advanced despite the widely-held view that French interest rates have yet to peak. The C.M. Money rate was increased to 3 per cent yesterday from the previous 2 1/2 per cent.

Oil issues were strong with C.F.P. rising 5 per cent sharply higher 1978 profits and prospects for another good year to 1979.

Among companies which reported results on Wednesday's Rousset-Uctaf rose FFR 11 to FFR 319 and Elf-Aquitaine FFR 6 to FFR 665.

Germany

The market further declined in light trading and, although many leading shares showed some technical recovery by the close, the Commerzbank Index was 7.5 weaker on the day at a new 1979 low of 719.4.

BMW were only 50 pfennigs easier on the day, but the Motors sector otherwise remained particularly depressed, with Daimler-Benz falling DM3 and Volkswagen DM3, reflecting petrol shortage fears.

Lufthansa retreated DM2.60 on consideration of its DC-10 aircraft. Siemens lost DM2.10 in Electricals, Herten DM2.50 in Stores and Ldtde DM1.50 in Engineering.

However, Deutsche Bank improved DM11 and Dresdner Bank DM1.50, while Preussag gained DM2.50.

In the Domestic Bond market, Public Authority issues lost up to 55 pfennigs more, but no national issues were sold. A 2 1/2 per cent bond of paper after buying DM 6m the previous day. The New Federal Loan met slight interest. Mark-denominated Foreign Loans shed up to 1/2 a point.

Australia

The industrial sector and a number of Mining leaders sustained sharp falls following news that the Government, through the Reserve Bank, had pushed up interest fields on long-term bonds.

Brokers said reports that spot oil prices in North America had reached record levels were also worrying the market but this news helped selected energy Resources stocks to improve.

Market leader BHP closed 20 cents down at AS18.16, after touching AS19.15, while CSR received 10 cents to AS3.50. Carlton United Brewery also 10 cents to AS1.50, Australia Consolidated Industries

NOTES: Domestic prices shown below include GST. Foreign prices shown below are for the day of publication. All prices are in local currency unless otherwise stated. All prices are in local currency unless otherwise stated.

GERMANY: Price +/- or Div. Yld. June 7. AEG 44.7-0.4, Siemens 25.5-0.2, Volkswagen 111.1-0.1, etc.

TOKYO: Price +/- or Div. Yld. June 7. Asahi Glass 430 +4, Canon 345 +4, Dai Nippon Printing 18.5 +0.1, etc.

AMSTERDAM: Price +/- or Div. Yld. June 7. Alcoa 90.70-0.3, AKZO 12.5-0.1, etc.

COPENHAGEN: Price +/- or Div. Yld. June 7. Andelsbanken 122, Danmarks Bank 142, etc.

BRUSSELS/LUXEMBOURG: Price +/- or Div. Yld. June 7. Arbed 2.320-20, Belfort 2.620-20, etc.

VIENNA: Price +/- or Div. Yld. June 7. Creditanstalt 233, Erste Bank 233, etc.

MILAN: Price +/- or Div. Yld. June 7. Anic 32-1, Bagnoli 781-18, etc.

PARIS: Price +/- or Div. Yld. June 7. Renault 470, Peugeot 470, etc.

STOCKHOLM: Price +/- or Div. Yld. June 7. ASEA 162, Alfa Laval 162, etc.

JOHANNESBURG: Price +/- or Div. Yld. June 7. Anglo American 8.20, De Beers 8.20, etc.

OSLO: Price +/- or Div. Yld. June 7. Bergens Bank 101.6, Christiania 79, etc.

WEDNESDAY'S ACTIVE STOCKS: Change in price. Anglo American +0.10, De Beers +0.10, etc.

NEW YORK

Table of stock prices for various companies in New York, including Johnson & Johnson, IBM, and General Electric.

CANADA

Table of stock prices for various companies in Canada, including Alcan, Inco, and Northern Copper.

BASE LENDING RATES

Table showing base lending rates for various banks and financial institutions.

EUROPEAN OPTIONS EXCHANGE

Table showing European options exchange data, including various call and put options.

Indices

NEW YORK - DOW JONES

Table showing Dow Jones Industrial Average and other indices for New York.

STANDARD AND POORS

Table showing Standard and Poors indices for various sectors.

MONTREAL

Table showing Montreal stock indices.

TORONTO

Table showing Toronto stock indices.

JOHANNESBURG

Table showing Johannesburg stock indices.

WEDNESDAY'S ACTIVE STOCKS

Table showing active stocks and their price changes on Wednesday.

AUSTRALIA

Table showing Australian stock indices.

STOCKHOLM

Table showing Stockholm stock indices.

OSLO

Table showing Oslo stock indices.

JOHANNESBURG

Table showing Johannesburg stock indices.

PARIS

Table showing Paris stock indices.

STOCKHOLM

Table showing Stockholm stock indices.

BRASIL

Table showing Brazilian stock indices.

Walker plans farm marketing probe

BY CHRISTOPHER PARKES
MR. PETER WALKER, Minister of Agriculture, plans to appoint three or four "lively-minded" observers and advisers to scout around the UK farming industry for ways to improve produce marketing.

Farm policy conflict that started 100 years ago

FINANCIAL TIMES REPORTER
WITHOUT fundamental changes, Britain and West Germany are never likely to see eye to eye on a Common Market agricultural policy, it was claimed yesterday.

British bacon up £30

By Our Commodities Staff
BRITISH AND Ulster bacon curbers have raised their first-class prices by £30 to £1,095 a tonne this week.

London coffee prices lower

By Our Commodities Staff
COFFEE FUTURES prices fell on the London market yesterday for the first time since last week's frost struck in Brazil.

Shortages drive lead to new records

BY OUR COMMODITIES STAFF
LEAD PRICES on the London Metal Exchange yesterday continued their rapid surge upwards to new, and according to one dealer, "crazy," peaks.

Cod quotas slashed

BY A CORRESPONDENT
HALIFAX, Nova Scotia—The International Commission for the North Atlantic Fisheries (ICNAF) has set temporary quotas for cod, redfish and flounder on the Flemish Cap and Grand Banks, leaving little for European trawlers.

UK FARMING: Enough's enough

BY JOHN CHERINGTON, AGRICULTURE CORRESPONDENT
MOST FARMERS welcome a wet and drippy May, and the month just past has been one of the driest I can remember.

BRITISH COMMODITY MARKETS: BASE METALS

Table with columns for Metal, Price, and Change. Includes Copper, Aluminum, Zinc, Lead, and Tin.

CORAL INDEX: Close 510-515

G. Index Limited 01-351 3486. Jan./March Rubber 72.85-73.55.

INSURANCE BASE RATES

Table listing insurance base rates for Property Growth (11%) and Vaalburg Guaranteed (10.5%).

The Directors of MACK, DEX & CO. LTD.

In all respects, including capital and shareholding, the company remains unaltered and will continue to act as metal and commodity brokers.

D. B. MACK LIMITED

Advertisement for Platinum surplus stocks and scrap, including contact information and prices.

COCOA

Table for COCOA prices showing various grades and their market status.

COFFEE

Table for COFFEE prices including Arabica and Robusta grades.

GRAINS

Table for GRAINS prices including Wheat, Barley, and Oats.

SILVER

Table for SILVER prices showing various grades and their market status.

AMERICAN MARKETS

Table for AMERICAN MARKETS prices including various commodities and metals.

EUROPEAN MARKETS

Table for EUROPEAN MARKETS prices including various commodities.

INDICES

Table for FINANCIAL TIMES and MOODY'S indices.

MEAT/VEGETABLES

Table for MEAT/VEGETABLES prices including various types of meat and produce.

Wool futures

Text discussing wool futures and market trends.

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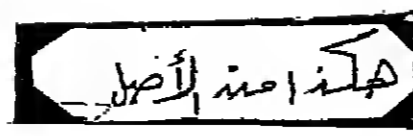
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AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as 'Key Unit Tr. Mgrs. (a)', 'Friends' Provident Unit Tr. Mgrs. P', and 'Mutual Unit Trust Managers (MUT)'. Each entry includes the trust name, manager details, and performance metrics.

Table listing insurance and property bonds companies and their products, including 'Abney Life Assurance Co. Ltd.', 'Aberdeen Life Assurance Co. Ltd.', and 'Aberdeen Property Bonds'. It details policy types and financial information.

Table listing various investment funds and managers, including 'Tower Unit Trust Mgmt. Ltd.', 'Trustee Unit Trust Mgrs. (a)', and 'Trustee Unit Trust Mgrs. (b)'. It provides details on fund types and performance.

Table listing offshore and overseas funds, including 'Alexander Fund', 'Allen Hardy & Ross Inv. Mgt. (G.I.)', and 'Austrian Selection Fund'. It details international investment options and their managers.

OFFSHORE AND OVERSEAS FUNDS

NOTES: Prices do not include a premium... and are in some cases otherwise indicated. Values are shown in sterling unless otherwise stated.



FT SHARE INFORMATION SERVICE

FOREIGN BONDS & RAILS

BANKS & HP—Continued

CHEMICALS, PLASTICS—Cont.

ENGINEERING—Continued

BRITISH FUNDS

“Shorts” (Lives up to Five Years)

Table of British Funds, categorized by duration (Shorts, Five to Fifteen Years, Over Fifteen Years, Undated).

AMERICANS

Hire Purchase, etc.

Table of American stocks and hire purchase details.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CANADIANS

BANKS AND HIRE PURCHASE

Table of Canadian stocks and hire purchase details.

DRAPERY AND STORES

ELECTRICAL AND RADIO

CHEMICALS, PLASTICS

ENGINEERING MACHINE TOOLS

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Bond and Ind.

Financial

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT. Includes contact information for editorial offices, advertisement offices, and subscriptions.

EDITORIAL OFFICES

Contact information for editorial offices in London and Frankfurt.

ADVERTISEMENT OFFICES

Contact information for advertisement offices in London and Frankfurt.

SUBSCRIPTIONS

Contact information for subscriptions in London, Liverpool, and Manchester.

FOOD, GROCERIES, ETC.

Table of food, groceries, etc. stocks and prices.

INDUSTRIALS—Continued

Table of industrial stocks including Shell, BP, ICI, and various engineering firms.

INSURANCE—Continued

Table of insurance companies such as Lloyds, Norwich, and various life insurers.

PROPERTY—Continued

Table of property-related stocks and investment trusts.

INVESTMENT TRUSTS—Cont.

Table of various investment trusts including global, equity, and income funds.

FINANCE, LAND—Continued

Table of finance and land-related stocks and investment trusts.

Daiwa Bank logo and contact information for its London office.

MINES—Continued

Table of mining stocks and commodities including copper, gold, and tin.

INSURANCE

Summary table of insurance companies.

PROPERTY

Summary table of property-related investments.

FINANCE, LAND

Summary table of finance and land-related investments.

FINANCE

Summary table of general financial investments.

FINANCE

Summary table of financial investments.

REGIONAL MARKETS

Summary table of regional market performance.

INSURANCE

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Summary table of property-related investments.

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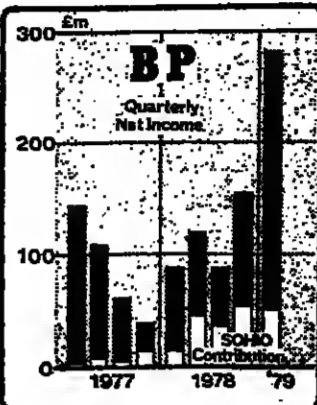
REGIONAL MARKETS

Summary table of regional market performance.

THE LEX COLUMN

Profit pumps are full at BP

Index fell 2.9 to 514.0



The erratic behaviour of oil company earnings can usually be blamed on the accountants, so it was only natural that when BP announced first quarter net income of £281.5m, against £85.6m, a good deal of the increase should have been put down to stock profits. It seems, however, that stock appreciation accounted for no more than 100m, rather than the rough estimate of £100m or so that was circulating in the market, which means that the figures are really rather good.

seems to overlap BTR's in quite a number of areas.

speed with which a company that started off with respect City backers found themselves who the inspectors describe as "less responsible bands. The Stock Exchange is a monitoring role here, which this case it does not seem to have fulfilled. It is also to ask whether Arbuthnot Leach, which was closely connected with the story in its early days should not have felt some continuing obligation to the market, at no doubt would have done if it had brought clarity in the market as a complete new issue.

Another plus point for BTR in a bid is the strength of its own share price, which currently stands over 50 per cent above this year's low point. But it is probably going to have to pay more than the 200p per share mooted yesterday. That would be a premium of about one-fifth on the recent market price, and be roughly in line with net worth. The historic dividend yield would be over 7 per cent.

Plantation shares

Harrisons and Crossfield's Guthrie Corporation had almost forecast their 1978 results, the actual figures held a surprise. H and C's pre-tax profits were £1m lower—£52.5m—and Guthrie's profit was £1.5m up at £20.8m. The companies had a poor first half—their plantation interests were hit by the drought—but much better in the second 3 months. Guthrie, in particular, pulled out all the stops. H and C made just £4.5m in the first half, it made £16.1m in the second half—nearly double the amount in the comparable period of last year. By contrast two other plantation companies to report yesterday, Warren Plantations and James Finlay have been hit by softening tea prices.

Shell Companies

There are some salutary lessons for the City in the Department of Trade Inspectors' report on Larkfold Holdings. On its own, this company would have had no chance of obtaining a stock exchange quotation. But by taking over a "shell" company—a largely dormant business with an established stock exchange listing—its directors were able to undermine the principles underlying the granting of a quotation, and use its share in their increasingly reckless efforts to diversify.

Complaints

One of the main British complaints is that despite instructions from the last European summit in Paris in March that the issue examined in depth, neither its partners nor the economic policy committee have made much effort to tackle it. Belgium contends that although the cost of farm price support is high, Britain would be even worse off without the CAP because maintaining the old British system of deficiency payments would cost it an extra £3m a year.

BTR/Bestobell

BTR has apparently had its eyes on Bestobell for years, and a bid could make a lot of sense. Bestobell makes attractive returns in most of its activities, but appears to have a number of specific problems which might respond to a new management approach. And its business

Another worrying point is the

fort.



Sir Freddie Laker: Looking for aircraft.

FAA 'hysterical' airlines say

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AND European airlines with DC-10 aircraft yesterday bitterly attacked the U.S. Federal Aviation Administration's decision to ground all U.S. DC-10 jets indefinitely. The FAA's decision, which was widely followed throughout the world, was described as hysterical by some affected airlines, as a scramble for alternative equipment, such as Boeing 707s and Douglas DC-8s, got under way.

Boeing 707s it was planning to sell. Sir Freddie Laker, chairman of Laker Airways, which has six DC-10s, was also looking for other aircraft and had subcontracted some, including an Airbus, for short-haul work. Yesterday's and today's Skytrain flights to the U.S. were cancelled. One effect of this has been a shortage of cheap "Stand-By" seats on the scheduled airlines, including British Airways, Pan American and Trans World Airlines.

airline, said that the FAA had reacted hysterically. Japan Air Lines said it was perplexed by the "blanket decision" to withdraw the type certificate. The Airline Passengers' Association attacked Mr. Laker's spokesman, administrator of the FAA, for being "evasive and deceptive" in his conduct of the affair since the crash at Chicago on May 25.

Euro-elections off to apathetic start

BY REGINALD DALE, EUROPEAN EDITOR.

THE FIRST European elections got off to a slow and largely apathetic start in the four of the nine EEC countries that voted yesterday—the UK, Ireland, Denmark and the Netherlands. No more than half the electorate appeared to have gone to the polls.

France in bid to block British EEC budget move

BY MARGARET VAN HATTEM IN BRUSSELS

FRANCE appears determined to head off British attempts to wrest a commitment from EEC heads of Government meeting in Strasbourg later this month, to set about reducing Britain's disproportionately large net contribution to the EEC budget.

Worst informed

The survey suggested that British public opinion was by far the worst informed about the elections' purpose, although awareness had increased slightly in the past few months. The UK was also the least enthusiastic EEC member, according to the survey. Only 33 per cent of UK voters questioned thought Community membership was "a good thing".

Energy policy

France, holder of the EEC presidency, appears bent on securing a major debate on energy policy and on pushing budgetary transfers to the bottom of the agenda. Britain faces a tough fight to make its voice heard: only Italy is giving strong support.

Prior sets up probe into unions' recruitment fight

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT has fulfilled the first of its manifesto promises on industrial relations by setting up an inquiry into trade union recruitment of art studio and advertising agency employees.

Fuel-saving package for South Africa

BY QUENTIN PEEL IN JOHANNESBURG

THE SOUTH AFRICAN Government yesterday announced a package of drastic fuel-saving measures, including a 40 per cent price increase, a sharp reduction of the speed limit in big cities, and mandatory supply cuts to all sectors of the economy.

Weather

UK TODAY

GENERALLY cloudy with some rain. Sunny intervals in some areas.

London, Midlands, S.E. and N.W. England, N. Wales, Isle of Man, N. Ireland

Sunny intervals at first, becoming cloudy with some rain. Max 17C (63F).

E. Cent. S. Cent. N. and S.W. England, Ch. of W., Wales, Borders, E. Scotland

Cloudy, some rain in places. Max 16C (61F).

Lake District, Rest of Scotland

Cloudy, some sunny intervals later. Max 14C (57F).

Outlook: Cloudy with rain in places, but brighter weather spreading from North on Sunday.

Worldwide

Y day Y day

Table with columns for location, weather, and temperature. Locations include Algiers, Athens, London, New York, etc.

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Advertisement for Kienzle computer. Text: 'Stop worrying about your accounts. Rent a KIENZLE computer for £41 weekly including programs!'. Includes image of a computer terminal and contact information for Kienzle Data Systems.